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changes which it produced in the mercantile marines of England and other countries, we cannot even tell what, if any, was the general direction of those changes. We surmise that changes and effects there were of one kind or another, but we cannot go further than this.

Nor when we turn to modern times are we much better situated. It is true that our information, both statistical and general, is far wider than it used to be, but up to the present time no progress has been made in analysing the data at our disposal and setting forth relations between cause and effect in a convincing form. The truth of this statement will be obvious to anyone who has studied the attempts of English writers to demonstrate by facts and statistics that the wealth of that country has been increased or diminished during the past fifty years by the fiscal policy which has been pursued. And the same truth is even more salient when we turn to the literature of a Protectionist country, Germany or the United States, for instance. No Protectionist Government has attempted to cast up an accurate balance sheet of the profit and loss entailed by its policy, and the work which Governments have neglected has not been undertaken by individuals.

If we turn, as we must, I think, from observation to theory, and hope to find there a conclusive case either for or against Protection, we are not much better off. The battle between the serious theoretical defenders of Free Trade and Protection is in a manner drawn, or rather, so far as theory is concerned, there is but little conflict between them. The scientific Protectionist does not advance an account of the process of international exchange which differs materially from that put forward in Free Trade text books. He has no fear, for instance, that his country under a system of Free Trade will be drained of its gold. On the other hand the economist who advocates Free Trade will not deny the force of the theoretical arguments which, under some circumstances, can be urged in favour of Protection. He knows that immediate cheapness is not necessarily the best policy for a nation any more than it is for an individual. A child might earn five shillings a week at the age of thirteen, and yet it may be better that its parents should continue to spend money upon its education.

For this theorem, which is the kernel of all that is sound in the argument for the protection of infant industries, is, after all, not very difficult of apprehension. Granted to the Free Trader that the purchase of goods from the home manufacturer at a price higher than that at which the foreigner tenders entails a pecuniary

loss to the purchasing country, it remains sufficiently obvious that this loss may be made good by subsequent gain when an industry which would otherwise have perished, or at least developed but slowly, has achieved a speedy maturity.

It is true that this argument has less force now than it had a century ago. At a time when the knowledge of mechanical manufacture and experience in the management of large undertakings was confined practically to one country; when travelling was a slow business, and the communication of news even slower as compared with the present state of things, the difficulties of introducing a new industry in a country were indeed great. No doubt List and Carey exaggerated these difficulties. Professor Taussig has shown good reason to doubt whether there ever was a time at which Protection was *necessary* to the United States, in the sense that but for it the nascent manufacturing industries of that country would have been crushed out; and the experience of Germany in the 'fifties and 'sixties, when political exigencies compelled the Prussian Government to favour a low tariff policy for the German Zollverein, suggests that List's apprehensions were very seriously exaggerated. Nevertheless the error or exaggeration of the Free Trader who denies all force to the Protectionist argument is certainly more serious. His error is one of principle, whereas the error on the other side is one of proportion only.

At the present time we must recognise that conditions have altered in some respects to the advantage of the new country, in other respects to its disadvantage.

On the one hand the difficulties experienced by new countries in attracting a fair proportion of the world's available supply of capital, business knowledge, skilled labour and enterprise, are infinitely less than used to be the case. It may indeed be doubted whether certain new countries have not succeeded at one time or another in attracting a greater supply of capital and efficiency than that to which they are strictly entitled. It might be argued, I think, that the Argentine Republic has done so, and it is at least possible that more money and labour have been sunk in gold-prospecting and gold-mining than these industries could repay with 3 per cent. interest. On the whole, also, at least until quite recently, it has been the more energetic rather than the less energetic member of an old world community who has emigrated.

On the other hand we should remember that, though the business of collecting together the necessary capital and ability to start a new industry has been infinitely lightened, the diffi-

culties which that new industry has to contend with when it is started have, at the same time, increased. And this in two ways : first, the improvement in methods of communication and transport has made a serious breach in the defence which distance used to oppose to foreign competition ; and secondly, the concentration of certain branches of manufacturing industry in trusts and cartels has made the work of crushing out a possible new source of supply more easy, and the profit of doing so more certain.

It would seem, therefore, that on theoretic grounds the case for the protection of infant industries in new countries is still strong enough to deserve attentive consideration. It may therefore be well to state it a little more fully than has been attempted at present—a course which, at a later stage, will make the introduction of limitations and caveats more easy.

The arguments which are advanced in all countries, young and old, in favour of Protection, by the politicians and journalists who favour that policy, are, of course, for the most part worthless—at least from an economic point of view. Advocacy, for instance, of self-containment is from the economic point of view ridiculous, and, indeed, is seldom used by those who perceive that a necessary implication of the refusal to buy would be inability to sell. Equally absurd is the contention that manufacturing industries should be favoured at the expense of extractive and agricultural, because they employ more labour. And finally all shades and forms of the belief that employment is directly increased by buying from the home producer rather than from the foreigner will be discarded by the scientific Protectionist in common with the Free Trader.

If we leave aside considerations of revenue (and in discussing the question at issue we are certainly justified in so doing) there remains one possible justification for the imposition by a new country of differential duties upon imported manufactures. The general lines upon which this justification proceeds have been indicated already. Against the proposal to impose such duties, it may be urged that they will raise the price of the goods in question—that if they continue to be imported, the consumers of them will be taxed for the benefit of the State—that if their use is discontinued, there will be a net economic loss to the individuals who purchase in their stead some *ex hypothesi* less desirable article—that in so far as the goods in question are used as the tools or raw material of native industries, those native industries will be hampered ; and that finally, if they are pro-

duced at home instead of being imported, there will be a net loss to the community of the sum by which the price at which they are produced at home exceeds the price at which they might have been received (but for the differential duty) from some foreign country.

It is of course commonly urged that Protective duties imply inequity in taxation—that the consumers of the article in question are taxed differentially for the advantage of its producers. I should be the last to deny that Protective duties have worked and do usually work in this way. But it is desirable to point out that there is no theoretical reason why they should do so, excepting for a short time. The imposition of a duty must of course derange, and is intended to derange, the condition of industry, increasing the profits of some pursuits and decreasing the profits of others; but the same is true of most of the remunerative State enterprises—such as road and railroad building, and the introduction of a police force—which we agree to applaud—and just as we acquiesce in the construction of a railroad in spite of temporary hardship entailed on wagon-drivers because we believe that ultimately the railroad will give everyone in the country a better chance of making a decent living, so we may be content to acquiesce in a Protective duty, provided it seems likely to have such a desirable result.

Nor is it difficult to lay down conditions under which this would happen. Suppose a country whose industries are extractive or agricultural, but which possesses all the natural requisites for the development of manufacturing industries. It may be quite certain that so soon as sufficient capital, skilled labour, and managerial ability are united in this country, manufactures will spring up on all sides, and supply goods which are at present imported at a price smaller than that which must be paid for them so long as they are brought in from abroad: it may even be that the natural advantages of this country are so great that its manufactures will not only supply the home market, but also will be exported: in other words, it may be evident that the existent superior advantages of agricultural and extractive over manufacturing industries are purely accidental and temporary—depending not in any condition of the climate or the soil which cannot be overcome, but solely in the lack of certain human elements of skill or habit which education, combined with immigration, can supply.

Yet under a system of non-intervention on the part of the Government, it might be long before these potential manufactures

were started, for the initial expenses would scare capital from the attempt, and, besides, business men are no more exempt from the rule of following the beaten track, so long as it is made smooth for them, than are other people. Under such circumstances, it may well be considered whether it would not in the long run pay a young nation to give rather higher prices for a time for the manufactured goods which it consumes in order that the potentialities of the country may be developed as quickly as possible.

The possibility of attaining such a result is, of course, the crux of the whole matter. We have seen that in cases where a differential duty permits native producers to compete with the foreign supply, a direct economic loss is entailed on the community. This loss continues so long as the cost of production exceeds the price that would have been paid for the foreign article, and must of course be reckoned at compound interest. But it may be that in time the home industry will so reduce its costs of production that the article will be supplied at a less cost than that for which it could have been supplied from abroad, and from the moment when this happens, the country begins to make good the loss which has been incurred. Supposing this to have happened, we have still not a completely satisfactory defence of the duty in question: we must still consider whether the development of the industry is so far due to the protection accorded that the State has really made a profit on the transaction. Such a calculation can, of course, never be made, and we are left with the unsatisfactory conclusion that nothing but probabilities can be urged, either for or against the most scientific tariff conceivable.

If now we turn for a moment to consider in what way State aid should be supplied, we are met at the outset by the fact that the way which is desirable under some political conditions may very probably be undesirable under others. It has often been argued that under all circumstances bounties are more desirable than Protective duties, and on theoretical grounds there is much to be said for this view. The great recommendation of the bounty system is that an expenditure, which is ostensibly intended to benefit the whole community, may be placed thus upon the general funds, whereas the Protective duty throws it upon the consumers of the article in question—this involving first at least the probability of temporarily inequitable taxation, and secondly, an undesirable shift in the direction of consumption. A rise in the price of an article whose production it is desired to

encourage may so diminish the consumption of the article in question that the last state of the producers will be worse than the first.

The bounty system offers other further advantages over Protection by duties in a democratic community—and, indeed, in any community where the action of the Government is appreciably modified by public opinion. For the cost entailed on the community is both more easily perceived and more easily measured where bounties are employed.

The arguments in favour of the bounty as opposed to the Protective duty being thus strong, it may be wondered why the general practice of mankind prefers the latter. Various reasons have been adduced, but they are most of them resolvable into the fact that the majority of men have an almost incurable hostility to a Protective system when it is presented to them without disguise. A B and C object intensely to paying money into the public funds in order that it may be paid out again to help D's dividends. This is, of course, foolish of A B and C, but the fact remains, and so long as it remains, although bounties may be employed occasionally as a supplement to a system of Protective duties, it is hardly practical politics to propose a system based principally or solely upon them.

But this reluctance on the part of most countries to employ bounties suggests various inferences as to the actual working of Protection, which theory unaided might not have discovered. If it be true (and it can hardly be denied) that the majority would revolt against the proposal to establish a Protective system based upon bounties, why are they willing to establish one based upon Protective duties? For we have seen that the cost of the bounty system will probably be less, and will certainly be distributed more equitably over the whole community. The reason is not far to seek. A brief comparison of the writings and speeches of practising Protectionists with those of the academic advocates of Protection suffices to show that there is nothing but the word Protection in common between them. In practice Protection is everywhere founded upon mercantilism—by which I mean not an attitude to life in general (the word is sometimes used in this sense), but a definite theory of the economics of foreign trade, which was developed in Europe between the fourteenth and eighteenth centuries, and which, although it has now been discarded by serious students, still retains a considerable degree of support in journalism and politics.

Now it might be supposed that if two people advocate a

common end it matters little for what reason they advocate it. And provided the arguments used did not affect the means employed to attain this common end, there would be much force in the suggestion. X an academic Protectionist and Y a politician 'agree' to advocate the Protection of manufactures in a new country. The arguments which they advance in favour of doing so are incompatible, it is true, but what of that, when they are agreed as to the great end? Unfortunately, things are not quite so simple, for we cannot help being influenced by our preconceptions. Every Protective tariff in the world bears upon its face the impress of the theory of foreign trade which possessed the men who established it.

Consider for a moment the process which is usually followed in constructing a tariff. Some sort of an inquiry will be held and witnesses examined, with the view of discovering what are the costs of production in different lines of manufactured goods at home and abroad respectively. We may leave out of consideration for a moment the more obvious absurdities involved in this process: the ridiculous attempt to estimate for perhaps ten years ahead the wages which will be paid: the preposterous assumption that the arithmetic mean of the several tables of costs presented for each country throws light on the subject in hand. We may leave out of account, too, the constitution of the courts before which these inquiries are made and the methods which are adopted for the collection and testing of evidence. What should be noted is that the idea that the conditions which are observed before the framing of a tariff will remain unaffected after that tariff has come into force is entirely untenable. These gold prices which lie at the root of the calculations are themselves determined by the course of trade; alter the course of that trade and the gold prices will be affected, and the whole elaborate structure will be thrown immediately out of relation to the conditions upon which it is imposed.

Now the neglect of these elementary considerations is only possible to the mercantilist. Those who believe that the gold prices of commodities are as much an essential part of them as their weight, texture, or colour, will of course be easy in their minds. To them the task of framing a scientific tariff seems simple. All that is necessary is to calculate the costs of production at home and abroad and impose duties equating the difference. To those of us who are not mercantilists the business seems more difficult; we see that when the import of goods is checked the exchanges are affected in a way which tends to raise prices at

home, and that this rise continues until importation is again possible, unless such heavy duties are imposed that the country can be cut off both from importation and from exportation, and so become entirely self-contained. We find also in this process explanation of the fact that the relief afforded by a Protective tariff is frequently of a somewhat temporary character. For a few months the home producer has the field to himself: then his costs of production gradually rise: at last he finds foreign competition pressing on him once more; and finally he falls back upon the fatal demand for more Protection.

But this—the common course of Protection in both new and old countries—is not the only possible course, at least in theory. It is caused, so far as I can see, principally by the attempt to do too much at once. Your new country is inclined to be generous to its home manufacturers, and to start manufacturing in all lines at once: by so doing it fritters away energy, and spreads expenditure over a wide field which if concentrated might produce imposing results.

For, supposing that a new country would consent to do one or two things at a time, its difficulties would plainly be far less. If it started, for instance, by attempting to found one textile or one branch of metallurgical industry, it could afford to give to its infant for a few years a genuine and important assistance. Gold prices would, of course, still be to some extent affected, but in an infinitely smaller degree than when a dead set is made against all manufactured goods at once. And by concentrating the money which is available on one end instead of dividing it among several hundred, more real progress would indubitably be made. After all, under modern conditions, no industry ought to remain an infant for more than five years: during those years it probably needs more assistance than can easily be given it under a general Protective system; later on, the less help it has the better.

Other important gains could be made—both political and economic—by this system of concentration. In the first place, the opportunities for log-rolling would certainly be diminished. If the system were once established, a most salutary division of the Protectionist forces would assuredly take place: as it is, the tendency in many countries is for everybody to favour Protection on the off-chance that he may make more by it than he loses: on the system proposed everybody would know that only one industry or two were to be protected at a time, and those only for a few years. Again, the present certainty that a Protective

system will last much longer than there is any need for it would be removed. For as only one or two industries would receive help at any one time, all the other industries would combine to reduce that time to a minimum in the hope that their turn would come next.

But besides all this it seems to me that the advocates of Protection in a new country often exaggerate rather seriously the present capacity of their country. It should be remembered that a small population cannot possibly make everything for itself economically, however well-trained and well-provided with capital they may be. The highest economies in manufacturing processes tend more and more to be obtained only where population is massed. One may instance the case of Lancashire. The average size of a Lancashire mill is not very great, but the existence of great numbers of these mills in close proximity to one another permits a fruitful specialisation in the industries that subserve the main industry or work up its waste products. If the population of Lancashire insisted on making everything for itself a far smaller average degree of efficiency would be attained. Even when we turn from the few millions of Lancastrians to the much greater population of the United Kingdom, France, and Germany we find that the course of trade suggests that they gain by exchanging manufactured goods, *i.e.*, by specialising their respective energies. The woollen industries, for instance, of France and England have for thirty or forty years past run curiously level to one another, working up every year not very widely dissimilar quantities of raw material. It might be supposed that each country would make for itself all the woollen goods which it required, but this is by no means the case. It seems, therefore, that the desirable course for a new country is to develop one industry fully as soon as it can, and if it is to do this it must so concentrate upon that industry the efficiency and capital which are at its disposal that it will take its place speedily as an exporting country in that line, and secure the advantages which follow from an extended market. Having done so it can leave this industry to its fate and devote its attention to rearing some new infant.

I am afraid that the picture which I have sketched of a country seriously attempting to direct its future by the light of economics, will seem to have academic merit only. And I am bound to admit that I do not expect the bubbles of mercantilist Protection to be finally dispersed in my lifetime. In practice I should myself, if I were a citizen of a new country, oppose to my uttermost any

proposal to introduce Protection, for I know no case in which Protection has demonstrably done more good than harm, even for a short period, and I know no case where it has been based upon scientific principle, and has been abandoned in due time. So far as I can judge the possible gains under existing conditions are not an adequate set-off against the certain losses, at least in English-speaking communities. The notion, for instance, that Canada under a Free Trade system would be prevented by the competition of the United States from developing manufactures is seen to be preposterous as we watch the steady development of manufactures in the centre, the south, and the west of the great Republic. Where the experiment of crude Free Trade *versus* crude Protection has been tried under tolerably equal conditions—in New South Wales and Victoria—the balance of advantage, both economic and political, seems clearly to rest with the simpler system. I say this that the bias of my paper may not be mistaken. At the same time, I believe that in a wise and incorruptible autocracy, or in a democracy whose average member had attained that level of intelligence which at present has been reached possibly by the Japanese—certainly by no other nation—it is conceivable that Protection could do more good than harm. I should like very much, from an academic point of view, to see the experiment tried in India. But the British taxpayer will not, I fancy, agree to this, and probably in the existing state of the world he is right—though possibly for the wrong reasons.

H. O. MEREDITH

THE STUDY OF ECONOMIC HISTORY¹

It is a favourite and amusing, though not perhaps very safe or edifying, exercise of the imagination to picture the feelings with which eminent men who have been dead for an appreciable period would regard the present condition of the affairs in which they were interested during their lifetime, could they know the occurrences which have happened since their decease, and acquaint us with their revised opinions. We ask ourselves whether they would be agreeably or disagreeably impressed by the course of events. We are generally compelled to conclude that any predictions on which they ventured have proved mistaken, or at any rate have not been fulfilled in the manner which was anticipated. And yet on some rare occasions we are surprised by the remarkable acumen, or the extraordinary luck, which seems to have characterised the ingenious *aperçus*, or the happy conjectures, of a few original constructive thinkers. There is, we may feel tolerably certain, no subtler temptation to which the mind of man is open than the ambition to predict the future; and perhaps there is no region of intellectual activity in which error or illusion has been so common and familiar an incident. Yet it may sometimes be possible to discover a trustworthy horoscope of the approaching destinies of men and of nations. We, who are now living, can, we may hope, occasionally forecast the probable course, or even the final outcome, of actions, the beginnings of which are plainly visible; and similarly the development of reasoned opinion in some special department of learned inquiry may probably be predicted with still less likelihood of complete failure. It is true that even here the mind of man may at times voyage adventurously across untravelled seas in strange directions, and sometimes amazing discoveries are unexpectedly made; and the imagination has played in the past, and, we may be

¹ An Address delivered to the Economic Society of the University College of South Wales and Monmouthshire at Cardiff on Friday, the 6th of May, 1905.

sure, is destined to play in the future, no inconspicuous part in the advance of scientific investigation. Yet the movements of systematised knowledge and ordered intelligence could correctly be described as being customarily obedient to rudder and compass. They seem to prefer in general a regular sequence to an arbitrary or casual divergence, and the history of most, if not all, sciences shows that on the foundations tentatively laid by distinguished or humble predecessors the most considerable and permanent constructive achievements of subsequent students have been afterwards raised. With some confidence, therefore, we should expect that an informed and astute observer of contemporary speculation and inquiry in some single department of knowledge would be able to fix with an appreciable measure of exactitude the most likely directions of later development. His guesses more often than not might turn out to be true.

A generation has almost passed since Cliffe Leslie wrote his well-known essays on the appropriate methods of economic study; and it is now accordingly possible to gauge with some precision the success which has actually attended his bold endeavour to deflect the course of English economic inquiry from the road on which hitherto it had been travelling. So competent and original a writer was not likely to refrain from daring prediction of the future; and at this distance of time we can securely compare his confident prophecies with accomplished facts. On the one hand, as we should reasonably expect, we discover that, where his anticipations have been fairly realised, their fulfilment has not taken the precise shape which he supposed. But, on the other hand, no candid and instructed observer of recent developments of economic thought and investigation in this country would disallow the largeness and permanence of the place filled by the writings of Cliffe Leslie in any complete account of the later tendencies of English Economics. His contributions to learning may have been fragmentary in form and occasional in character; but their effects have not been fugitive, and they could hardly have been greater or more lasting had he lived to finish the systematic history on which he was engaged at the time of his premature death. For the emphatic assertion, which was appropriate to an essay or an article, would have seemed incongruous in a formal treatise, and yet such loud, unqualified utterance compelled wide and alert attention. It forced dissentients to examine with care the grounds of their refusal to agree, and it aroused the desultory and superficial from their sluggish or ignorant acquiescence in traditional routine.

Cliffe Leslie, it will be remembered, condemned unreservedly the abstract deductive methods of inquiry pursued by Ricardo and his chief disciples. The whole of the unreal superstructure raised on the insufficient foundation of the essential qualities and the necessary action of the so-called "economic man" must, he urged, be levelled to the ground. A fresh start should then be made from the outset, and in a generation or two the results of patient and cautious investigation, guided by those safe comprehensive methods of inductive observation, which were mainly employed in historical research, would be seen in established generalisations, on which the new fabric of economics could henceforth be more securely built. For the isolated study of the "desire of wealth" the large observation of the various sides of human character must be substituted. The conception of one single type of business man, common to all periods of history and all portions of the globe, should be replaced by the faithful inspection of the actual conditions, both of backward and of civilised peoples, with all their different racial traits and their respective national institutions and customs. If the pattern set by previous English writers was to be followed, a "return" should be made to Adam Smith, who, unlike Ricardo, preferred facts to theories, and yet, as Cliffe Leslie himself contended, was not entirely free from the disturbing influence of certain powerful presuppositions, such as a belief in the sure providential direction of the individual, seeking his own interest, towards the unconscious but steady promotion of the general interests of the whole community.

Such, stated with necessary brevity, were the main contentions of Cliffe Leslie. They were expressed with a fiery ardour of persuasion, which makes the various essays of which they formed the theme appear fresh and interesting, although the controversy itself is now no longer new. They were enforced with an argumentative skill which even to-day attracts where it does not convince; and their reiteration in many different forms, which was, no doubt, necessary to the immediate polemical purpose for which they were designed, hardly wearies subsequent readers familiar with the later course of the debate. On the direction in which English Economics has since moved these essays have exerted a marked influence, and that influence has not been the less potent because it has not accorded in every respect with the effects contemplated by their author. The name of Cliffe Leslie has gained an acknowledged position among the foremost of eminent English economists; and at the present moment his writings demand, and will reward, the close attention of all

students who wish to acquaint themselves with the origin and sequence of the main lines of advance of English economic thought.

In attempting to gauge the amount of success which has attended these notable endeavours to mould the form, and fix the trend of subsequent economic study, it should be remembered that, so far as actual literary achievement is concerned, Cliffe Leslie himself must be regarded as a controversial writer upon method rather than as an economic historian strictly so-called. He had indeed planned and partly written a historical treatise before his death, and the staple of the argument presented in his essays may be described, if it can be expressed in a single sentence, as the superior advantage to be gained by the substitution of the plain simple instruments of historical research for the intricate mechanism of elaborate complex reasoning. The historical method is sharply and repeatedly opposed to the abstract deductive method, and the new German historians are contrasted favourably with the old and, as Cliffe Leslie held, obsolete or decadent English school, of which Ricardo was the representative instructor. But nevertheless the historical research brought to completion by Cliffe Leslie himself was not considerable, while the deep impression of that critical scrutiny of general methods of study which he initiated can be clearly discerned in the methods practised now, not merely by the increasing number of those professed historians with whom he would certainly have sworn a close alliance, but also by the able and expert handlers of those lengthy chains of complicated argument, which might probably have aroused his mistrust or evoked his active contempt. This is a result which he perhaps hardly anticipated, but it cannot be overlooked in any wide survey of the present position of English economic study. And yet even within this particular sphere the definite influence which has been exerted has not taken the precise form which Cliffe Leslie desired or believed to be probable. Here, as elsewhere, some unexpected disappointment might mingle with his pleased surprise, could he re-visit to-day the arena where he was once the conspicuous figure on one side of a combat which seemed, alike to him and to his opponents, to be inter-necine.

No candid investigator of contemporary economics could deny the present existence of great activity in the elaborate development of that fine analysis of the relations between cause and effect in the business life of individuals, classes, and peoples, to which Ricardo in the earlier years of the nineteenth century

applied the rare capacity of an intellect unusually subtle. The hostile critic of to-day, like Cliffe Leslie a generation ago, might question the validity or importance of the results reached by this process, but he could not, unless he were wilfully blind to obvious fact, avoid recognition of the vitality animating this region of study. Nor is it easy even for the cynical sceptic to nurse with any assurance the belief that the energy thus stirring in the different quarters of an extensive area represents the final feeble flickers of expiring life. On the contrary, the fresh vigour devoted by some of our younger economists to such investigations is not less noticeable than the ability shown by them in their successful pursuit; and they have already been brought by distinguished older writers to a nicety of refinement which Ricardo and his immediate followers were unable to secure for lack of the necessary instruments of delicate but sure manipulation. If the mathematical treatment of theory has latterly gained conspicuous prominence in economics—and this no informed observer of the drift of professional opinion in this country or in America can doubt—its influence has been shown, not merely in a greater exactitude of formal exposition, and a more scrupulous elimination of hidden error, but also in the more ambitious aspirations diffused more widely among economic writers, which prompt them to combine in one firm grasp the multitudinous threads of many fine-spun arguments, repeatedly untying with nimble dexterity the hard knots in which they are continually liable to be entangled. Mathematical capacity may have sufficed to overcome with ease stubborn difficulty, and even to present apparent complexity in intelligible order; it has simultaneously stimulated bold endeavours to grapple with what might otherwise have been left severely alone, and a warm appreciation of the large service it has rendered may consist with the admission that it has added to rather than lessened the intricacy and elaboration of economic argument. In the nicer refinements which it has brought into the discussion of economic principles it might seem fanciful to discover traces of the particular changes which Cliffe Leslie wished to accomplish in the methods of study.

A cursory regard to the work being done in this country by many prominent economists might accordingly lead to the hasty conclusion that, so far from the unreal superstructure raised by Ricardo having been levelled to the ground, it had in actual fact been carried to a higher stage. Not a few of the economists of the day are still wholly or mostly occupied with the separate inspection of "economic men." The general science of sociology

has advanced hitherto at a rate which is discouraging when it is compared with the progress accomplished by the special study of economics. And, instead of the common adoption of a new route, by which the student was to set forth on his gradual journey to a new goal, we have been told with authority, and not without reason, that the chief work of Adam Smith himself was, not that ardent advocacy of freedom with which his name is mainly associated, but those first systematic efforts at a science of "measurable motives" in which he was followed by Ricardo, and Ricardo in his turn was succeeded by Jevons. So far the confident anticipations of the essays of Cliffe Leslie might seem to have been wholly mistaken. And yet a more careful scrutiny would show that they had met with a genuine fulfilment, which might have yielded gratification to their author had he taken a comprehensive view. For the conception of his subject, formed by a representative English economist to-day, who nevertheless would avow that his main immediate concern is with economic analysis, and that he is interested in the exposition of principles rather than the exploration of history, has certainly become more liberal. His notion of the aims and methods of study is characterised by a breadth to which the average economist of a generation ago was a comparative stranger. The "economic man," we note, is found in actual life not to be uniformly selfish, but often to pursue with persevering benevolence the interests of others. All motives which are measurable may, we are told, be rightly regarded as falling within the range of the modern economist's inquiry. Every method which the wit of man has devised for the examination and establishment of the connection between causes and effects should, we are informed, be used in turn by writers upon principles, as opportunity suggests or need dictates. These, or the like observations, which readers, for instance, of Professor Marshall's well-known treatise will recall, do not fail in comprehensiveness; and yet they are furnished for the use of students who are acquainting themselves with a systematic scheme of economic principles where layish and effective employment is made of mathematical ideas and finely-reasoned argument.

But the potent influence of the historical method can be even more obviously shown. Not merely do modern writers of textbooks on principles admit without reserve that economic history presents a wide field of inquiry on which the skill and energy of a number of industrious able workers may profitably be employed. Not only do they readily allow that the advantages which attend a division of labour wisely planned are likely to follow the con-

secration of the main efforts of one set of workers to historical study, and the bestowal and receipt of mutual aid by such students and themselves. But some manuals which have been recently published, especially in the United States, have also intentionally prefaced their exposition of principles with an introductory sketch of the economic history of Great Britain and America, and into other standard treatises on economics issued lately in this country, such as that of Professor Nicholson, historical chapters have been purposely introduced. These are "signs of the times" which "he who runs may read"; and the amount of historical matter contained long ago in so old a classic as the *Wealth of Nations* does not detract from their significance as indications of a change in the general tone and temper of modern economists.

No less important, though perhaps less immediately perceptible, is another significant characteristic of later economic writing. It may be true, as it has been asserted, that Adam Smith used his facts in the main to illustrate his theories. It may be no less accurate to affirm that Ricardo drew his chief theories from the facts which were, or seemed to be, most prominent in the world around him. It may also be argued that historians may fail to "see the wood for the trees" in their investigations by refusing the opportune aid of the familiar theory of the text-books in grouping and interpreting their recorded facts, just as it may be contended, on the other hand, that all deduction must commence with an induction, however small and rapidly accomplished, and that hypotheses must originally have been suggested, as they should ultimately be tested, by direct observation. And yet the special importance assigned in historical research to facts rightly led Cliffe Leslie as an advocate of the historical method to emphasise the need in economic study of close continuous attention to the actual circumstances, and the criticism passed by him on adherents of the Ricardian school that they were prone to pay inadequate regard to facts was not undeserved. Ricardo himself frankly admitted, in that familiar correspondence with his friend and contemporary Malthus, which has been published since Cliffe Leslie wrote his essays, that he was constantly imagining "strong cases," with the express intention of exhibiting the operation of the "principles" he was expounding; and, when Senior stated that Ricardo himself was too sagacious to allow for the stupidity of many of his ordinary readers, we interpret this pertinent remark with the assistance of the commentary added by Professor Marshall, who observes

that the difficulty of Ricardo's writing arises in no small degree from a neglect to repeat at every stage in the course of his argument the explanation generally given at the outset of the implied conditions on which his reasoning was intended to proceed. A modern economist, by contrast, is more careful to disclose the assumptions used, and is prepared to test his hypotheses by frequent and precise comparison with facts. He may introduce, and manipulate with success, more complex and elaborate implements than those which his predecessors handled. He may push his reasonings into the distant corners of more minute and exact refinements than those into which they tried to penetrate. But he works, or at any rate should work, with a constant eye to actual conditions, and he evinces a readiness to recognise without reserve those qualifications of subtle delicate theory which a comparison with rough, unyielding facts must necessarily require. This reasonable attitude is largely due to the abiding influence of the vigorous controversy in which Cliffe Leslie bore a leading part.

It may, however, be not inappropriately noticed by the way, that in some recent popular discussions, in which Economics has found itself once again enjoying a large if not entirely welcome or respectful prominence, this last consideration scarcely seems to have received its due attention. For, whatever judgment may be passed on the actual merits of the opposing arguments of the fiscal controversy, it is impossible to avoid recognition of the notorious fact that it has been asserted and believed by a large number of writers and speakers that a fiscal policy of free trade is alone consistent, and that any system of protective tariffs must, on the contrary, conflict, with the reasonings and conclusions found in the familiar text-books of economic principles. The question whether a majority or a minority of authoritative English economic teachers have openly espoused either of the creeds placed thus in direct contradiction to one another, or, with a wiser and more judicial comprehensiveness of mind, have refused to adopt these sharp divisions, may possess some importance as a weapon of assault or defence in a battle between political parties. But this consideration is distinct from that on which we are now engaged. What can hardly be denied by an alert observer of the controversy is that some confusion has prevailed between the habitual use in economic reasoning of certain appropriate assumptions, and the approval or adoption of those assumptions as the desirable permanent conditions of ordinary life, or the assertion or admission of their full accord with the plain facts

of trading intercourse. The arguments of systematic expositors of principles must start with certain more or less convenient hypotheses; but it is probable rather than unlikely that these should fail to correspond exactly with observed realities. The assumption, for instance, of the existence of individual liberty in trading matters has been generally used by English economic authors, and, on the supposition that freedom of exchange obtains between individual traders, they have usually conducted their reasonings and gained their conclusions. But it is a relic of a former variety of philosophical belief, which has been obviously discarded as a guiding rule of practice in many departments of affairs, rather than an established consequence of economic argument, to declare that Governments should never interfere with individual liberty in business matters, and similarly to pronounce that a departure from free trade is "uneconomic" is no less unmeaning and hardly more convincing than to affirm that the observance of general *laissez-faire* is "natural." As a matter of actual fact, professional economists within recent years have been not the least energetic in detecting and announcing breaches in the older free trade doctrine which impair its imagined theoretical completeness, although they have not on that account ceased to commence their exposition of principles, as their predecessors did, with the useful distinct conception of individual traders freely exchanging goods with one another. From the subtle deception of involuntary associations, such as the common use of such assumptions may beget, the study of history with its resolute appeal to concrete fact is, at any rate, some preservative; and those expounders of principles themselves, who have shown themselves more acutely sensible of the controlling and suggestive influences of historical inquiry, have not failed also to emancipate their minds from this particular variety of illusion.

For they have seen that the original assumptions of a reasoning process, the deductions reached successively as it moves onward, and the conclusions in which it issues finally, should be tested by repeated and severe comparison with fact. The assumptions themselves must not be mistaken for, or identified with, the actual facts; and, as the theories of every age and of all thinkers are sensibly or insensibly affected by the dominant circumstances among which they have been formed, so it is probable that a change in the environment of fact may require an alteration in the reasoned explanation of the forces linking causes with effects offered by economists who aspire to represent their age. The emphasis, which at one time was laid correctly, will at another

leave a false impression unless it be purposely or involuntarily shifted. An unaltered statement of the previous case will no longer be a full or fair description of present fact. It is perhaps in this particular direction that the historical spirit has exerted the most marked beneficial influence upon the conception generally formed of economic theory. For it has placed the theories of the past in their historical setting; and, similarly, it has called in question the permanent validity of the later theories of the present. A kernel of economic truth, appropriated by every period and all peoples, may, it is possible, be discovered by the persevering seeker, but the layers belonging only to peculiar stages of civilisation, or to special districts of the globe, which have first to be removed, are often found in practice to be thicker and more numerous than was imagined or believed by earlier writers. Ricardo, it is sometimes argued, generalised unduly from the associations of the money-market with which he was immediately familiar; but even Adam Smith has with some justice been described as holding the agreeable but extravagant persuasion that there was a Scot inside every man. And, although the "great commerce" portrayed by Bagehot, as we know it in the England of the last quarter of the nineteenth century, may be now extending widely its domain, and be ultimately destined to embrace within its operations a large portion of the habitable globe, yet without such qualifying exception as to render the description as a whole inadequate and deceptive its chief traits cannot be introduced into an account of mediæval England or of unexplored Thibet. In a sense it is both correct and pertinent to say that every nation has its economics appropriate to itself and inapplicable to others; and it is certainly both accurate and informing to maintain that the discarded theories of the past can be justly estimated only when we pay regard to the facts by which they were originally suggested. Judged thus, the Mercantile System is, for instance, placed in a light differing from that bright but coloured reflection which was cast upon it by an eager partisan like Adam Smith, and, similarly, to take another obvious illustration, Bentham's arguments against the legislative restriction of the rate of interest asked and paid in the commercial-communities of to-day may be accepted without denying the efficacy or correctness in the circumstances of their times of the older legal regulations against usury. It may once more be possible to allow that the acumen of the trained economist can detect the slow but steady action of the powerful force of competition underneath the hardened crust of inveterate custom, and

yet we may contend that in the actual world of modern business friction and monopoly play a part which the common assumption of individual liberty discovered at the basis of our familiar reasonings is apt to render unduly unimportant.

Opinions such as these, which have derived from the fond emphatic advocacy of historical study a force which could not easily have been secured by other means, should be none the less definitely distinguished from conclusions with which they happen sometimes to be confounded. For we may still avail ourselves of the effective use of simplified assumption and appropriate hypothesis, and it has been aptly urged that the analogy of many other studies, where gratifying progress has been made, shows the unlikelihood of advancing far without the full employment of such powerful tools for discovering and appreciating new unfamiliar knowledge, and for systematising and presenting in convenient shape the accepted ascertained results of past investigations. But we shall beware of treating these assumptions or hypotheses as demonstrated facts. We need in no degree abandon the hope of reaching by the aid of the more accurate and finished instruments supplied by reasoning of a mathematical character those inmost recesses of fine argument into which the older economists with their ruder, blunter tools failed to penetrate; and we may expect to gain results of some importance which were beyond their competence to achieve. But the very precision and delicacy of the new apparatus we employ should put us on our special guard against the serious but facile risk of reading into our conclusions more than is contained in the premisses with which we start, or of straining our fresh inferences beyond their proved legitimate capacity. We should, at any rate, be sufficiently protected from the attractive but injurious belief that we have demonstrated more than we have actually established; and, once again, we should be enabled more securely to avoid the fond temptation of treating, or even of regarding, our assumptions or hypotheses as established facts. Duly fortified by means like these against extravagant confidence or misleading error, we may then proceed to introduce into our exploration of past history the knowledge we have gained by diligent analysis of economic principles, and we shall not be anxious to reject the new illumination, which may thus be shed on some dark portions of the ancient records. We must, of course, endeavour not to bring what is true only of the circumstances of the present into our interpretation of the conditions of the past; but, if history is to tell its full tale distinctly, facts must be grouped in orderly intelligible arrangement,

and the competent study of economic principles may lend an assistance to such grouping which should neither be regarded as inopportune nor dismissed as idle. For to refuse such help is to throw away unnecessarily what may prove of service; to use it with discrimination may be difficult, but is more catholic and enlightened. On such grounds indeed it may be a reason for congratulation rather than misgiving that some observers have declared that the familiar lineaments of the "economic man" can be discerned in the pictures of prominent actors on the commercial and industrial stage drawn by professed historians in their narration of the past.

A survey indeed of the actual work in economic history attempted and accomplished in this country during the last quarter of a century or so reveals one curious circumstance. There can be little question that a disproportionate amount of energy has been bestowed on the investigation of the "origins" of English economic institutions. The early stages, for example, in the development of the manor have been reconstructed with elaborate pains from sparse materials. It requires, in fact, a confidence, which few informed historians would feel, in the mingled luck and skill with which a task exposing the performer to such endless difficulty and disappointment can have been achieved, to claim that the many tiresome questions in dispute about the birth and growth of the Manorial System have as yet been finally resolved. Whether, for example, Mr. Frederic Seebohm is right in his exclusive notion of an original community of serfs, who gradually won their way to freedom, or, with Professors Maitland or Vinogradoff, we discover signs of earlier liberty which gave place later to subordination to a lord, it is agreed that we are to a large extent compelled to argue back from subsequent facts to previous possibilities. The Cambridge professor describes the situation in a sentence. "A result," he says, "is given to us; the problem is to find cause and process." From the conditions of the case we are forced to make a lavish use of inference and surmise. And yet the diligence and ingenuity with which a number of able and industrious writers have tried to untie the tangle, and illuminate the darkness, should extort our grateful admiration. We may feel some assurance that the only reason which can fairly be alleged why perfect certainty has not yet been reached is because it is beyond attainment. For we can hardly avoid the firm conviction that few, if any, periods in the economic history of our country have been more closely or incessantly examined than this early

misty age, when the Manorial System, as we know it in its later and developed shape, was gradually being formed by the moulding influence of different forces. It would accordingly seem no gratuitous suggestion to suppose that an instinctive liking for the large bold exercise of the imagination must have led historians to explore the "origin" of the manor with such persistent and resourceful pains; and that the seductive charm attending the discovery of some brilliant apt hypothesis, which would supply an adequate explanation of ambiguous facts, has exercised its powerful sway upon their intellects no less imperatively than at an earlier time it influenced the old economists, who delighted in the unsuspected new conclusions reached by the long trains of subtle complicated argument which started from their original assumptions. The irony of fate seems to have brought the fresh activities of these later days into channels, which in general formation and direction are not dissimilar from those older water-courses along which the earlier energies of Ricardian economists found their way. The scientific imagination has in both cases been equally invoked, and in either a large use of appropriate hypothesis is made; for we cannot wholly reconstruct the past, as we can hardly account completely for the present, and certainly must fail to forecast adequately the future, without recourse to some imaginative suppositions.

The peculiar fascination of this special topic is perhaps partly responsible for the less considerable attention hitherto bestowed on subsequent portions of English economic history. But the imperfect exploration yet accomplished of the region of inquiry opened to the investigator is also due to some extent to the comparative novelty of the pursuit. For, if it must be admitted that it is only since Cliffe Leslie wrote that much close attention has been given by economic students to the examination of past history, it is also undoubtedly the case that until recent years general historians had devoted little notice, and less space, to economic matters. A distinguished representative of that body, Mr. Goldwin Smith, published a few years ago an interesting history of the United Kingdom. It is true that he described his book expressly as "political history," and on that account it would doubtless be unjust to treat the omission of all reference to economic matters as culpable deficiency. But it must be tolerably evident to most readers of his forcible and lucid narrative that he is thoroughly imbued with the ancient traditions of a previous age. He had, in fact, formed his ideas of history in a *milieu*, where a keen or instructed interest in economic institu-

tions and affairs would have seemed an affectation or an eccentricity. And even such a different writer as J. R. Green, who definitely avowed, and conscientiously fulfilled, a project which was novel in his day, and paid an attention previously withheld to those less exciting, but not less weighty, matters of social and industrial import, which had hitherto perforce withdrawn with modesty into the background before the noisier and more showy incidents of military conflict and political intrigue, did little more than introduce occasional chapters or particular sections dealing with economic topics. The connected treatment of the general economic development of our country as a whole from earlier to later periods had to wait until in our own day the comprehensive treatise of Dr. Cunningham appeared; and even the systematic detailed inspection of special epochs or episodes, or the thorough informed examination of a single limited class of movements or phenomena may, with a few signal exceptions, be said to date from the occurrence of the public controversy in which the writings of Cliffe Leslie filled so prominent a rôle. At the present time, by contrast, a host of able, active workers are engaged in the industrious and illuminating task of adding to the fuller knowledge of our economic history. The study has drawn recruits from the ranks of economists and of historians alike, and it has now taken an acknowledged place as an important branch of learned culture. If, on the one hand, the modern economist, who does not profess to be a historian, is, as we have seen, influenced in his general habit of regarding economic principles, and even in his mode of handling particular theoretic problems, by that keen, constant appreciation of the importance of actual fact which is the characteristic of historical study, on the other hand historians, who do not claim the special name of economic historians, are prepared to welcome cordially these new adherents to the exalted company to which they belong, and to approve and utilise, where a fitting occasion is presented, the results of such inquiries. Cliffe Leslie himself was, we have noticed, a writer upon economic method rather than an economic historian; but we cannot doubt that, if he were alive to-day, he would be gratified by the important place assigned, both in economic and in historical circles, to the study of economic history.

In a real sense, then, it is true that the systematic active study of economic history dates from a recent period, although it is a significant circumstance, which should not be forgotten, that a most interesting consequence of the new zeal thus applied to this department of research has been the rescue from unmerited

oblivion of some ancient neglected treatises and some obscured remote authorities. For there were writers who made detached occasional contributions to economic history at times anterior to those of Adam Smith, just as there were authors who offered for digestion scattered morsels, and, in a few instances, considerable fragments, of economic principles before the *Wealth of Nations* made an epoch in the development of English economic study. Adam Smith's great name has overshadowed those of his English predecessors; but, if historical research teaches nothing else to its disciples, it enforces the appropriate lesson that the evolution of knowledge is gradual, and not catastrophic, and that by diligent and faithful observation we can generally find the antecedents, or even the anticipations, of the ideas of the most original of thinkers. The chapters in Adam Smith's own book, which economic historians claim not unjustly as convincing testimony to his catholic interest in a department of learning which elicits now their undivided industry, were not the first examples of their class, and for his material Adam Smith, we have since learnt, may have gone to several previous sources, even if we hold that Dr. Cannan has succeeded in establishing the fact, that for his exposition of economic principles he was indebted to the Physiocrats less extensively than some impugnors of his originality have been ready to allow. And yet we may declare without reserve that the economic history of to-day is as different from those early essays, whether of Adam Smith or of other more distant writers, as what has been called the "science of measurable motives," with its developed apparatus of fine reasoning, is distinct from the beginnings of that study, which, furnished by the acute and sensible intelligence of the parent of modern economics, serve to part him from his nearer or remoter predecessors.

As a defined and systematic study economic history is comparatively new, and, if we take as an illustrative example the history of our own country alone, we find, as we should expect, that the work of investigation is still incomplete. Additions are continually being made to the knowledge of the student. New sources of information are from time to time unearthed and utilised; and from time to time also old sources are more thoroughly examined and brought under contribution. There are some problems of importance, of which the solution is yet doubtful, and others remain which have hitherto been hardly seriously attacked. Certain periods of history, or certain classes of phenomena, have drawn special notice to themselves, and students interested in these directions mainly have had their attention turned

away from other quarters. The ability and zeal bestowed on the ambiguities of the older history of the manor furnish a conspicuous illustration; and, despite such repeated strenuous effort, obscurity remains, and the leading views put forward are discordant. But in later periods of history also certain institutions and affairs have exerted a peculiar fascination over the majority of students, and their minute details are intimately known, while the prominent characteristics of other incidents and actors continue to be unfamiliar. It is natural, then, that successive historians, writing with the assistance of fresh information, should shift the emphasis, modifying here and intensifying there; and such changes may beget a feeling of uncertainty and even mistrust in the ordinary spectator. And yet the present condition of English economic history warrants the encouraging pronouncement that the main highways are now definitely traced, if the byways offer opportunity for still further exploration. The appearance in the last few years, both in this country and in the United States, of a number of short histories covering the entire economic growth of England, is a proof of the wider interest taken in economic history, and of the larger and more prominent place which it is recognised as filling in the ordinary curricula of education. But this publication affords testimony also to the amount of agreement reached on the directions along which development has moved. Similar evidence may be obtained from those introductory sketches of economic history which, as we have noticed, have been prefixed to more than one recent text-book devoted chiefly to the exposition of economic principles. The new complete edition of Dr. Cunningham's great history furnishes further corroboration of this conclusion.

But Dr. Cunningham himself has reversed his views, or, at any rate, has qualified some of his conclusions, on affairs of more or less importance in the intervals between the successive editions of his book. He does not conceal a departure from positions previously maintained, or a conversion to opinions formerly treated by himself as dubious or erroneous. The influence, for example, of the Navigation Laws in wresting from the Dutch their pre-eminence in the carrying trade and transferring it to Britain, is differently regarded in the last edition of his *History*, and the change which actually occurred is traced more largely, and indeed mainly, to other causes. Nor have economic historians generally, either in the past or in the present, secured immunity from contradictions in the statement of the sequence, or the interpretation of the significance, of matters of fact, similar to the acute disputes

on matters of opinion which have been laid not unjustly to the charge of expositors of theory. There are, we imagine, few positive declarations of Thorold Rogers on historical tendencies, which would now be accepted without question by his chief successors. There are certainly several of his favourite pronouncements, which have for some time been discarded by recognised authorities. In his case, perhaps, it is not so much the discovery of fresh evidence unknown to him which has produced the change of view, although this cause has sometimes operated; it is rather a distrust of the animus with which he seems to have drawn his inferences from the material he had with indefatigable industry unearthed. Even he, however, it is evident, could not traverse the whole area of possible research; and in other instances the production at a later time of testimony which was not previously forthcoming has, obviously been instrumental in reversing or in modifying earlier verdicts. New witnesses of more or less importance are, in fact, continually appearing to adduce fresh evidence in connection with many obscure but interesting portions of English economic history.

There are large masses of instructive records which await full or even partial exploration. Three recent examples, from many others which might be adduced, may serve to show the richness of this store of documents which will probably reward further or fresh examination. Miss Leonard's *History of English Poor Relief* has lately thrown instructive light on the large part taken in the administration of the Poor Law in early Stuart times by the Orders of the Privy Council; and, similarly, in the new edition of Dr. Cunningham's *History* we are enabled to note the relation of this particular instrument of monarchical rule to the effective working of the Mercantile System in its vigorous days, and to compare it with the incomplete injurious attempt made by Parliament at a later time to direct trade and manufacture when they had come to be conducted on the larger scale facilitated and required by those mechanical inventions which heralded the Industrial Revolution. Dr. William Shaw, again, has recently examined the records of the Treasury with a view to ascertaining the exact nature and degree of the control exercised at different times by Parliament over the preparation of the national estimates. He has made some significant discoveries. As he urges, they cannot be neglected by the constitutional historian without imperilling the adequacy of his view of the gradual process by which the power of the sovereign was curtailed by Parliament. The examination of this material has but commenced; and the economic, no less than the constitutional, historian is interested

in the knowledge of the real character of the administration of the national finances. These Treasury documents alone, however, disclose the inner side of that administration. Lastly, Mr. George Unwin, in his recent book on *Industrial Organisation in the Sixteenth and Seventeenth Centuries*, has tried to bridge the interval separating the decline of the old craft guilds from the rise of the modern Trade Unions; and the novelty of his attempt, and the success with which it has been attended, are due alike to the circumstance that he has drawn much of his material from a source which he has been the first to investigate with this purpose. He has examined the records of the Livery Companies of London, and especially of two among their number. These three instances are types of what we may expect when other students have been similarly instigated to address an industrious curiosity to arcana which await discovery or scrutiny. The area of economic history is, in fact, contracted to no narrow boundaries, and the opportunities of "finds" are still abundant.

• In conclusion, we may notice the considerable effects of that peculiar stimulus which can only be applied by the wide discussion of some burning controversy of the day. The monetary debates, in which bi-metallists and mono-metallists engaged some few years back, have left an impression both on monetary theory and on monetary history. No student who pretends to an acquaintance with the copious literature of that dispute can deny that it provoked a close inspection of the theory of money, as it was previously presented in the ordinary text-books, and that some improvement in the detailed statement of that theory resulted. For the test to which conceptions, carelessly accepted hitherto, were now submitted, did not lack severity. Argument, lightly assumed to be beyond dispute, was placed in the crucible of a remorseless criticism, which treated nothing as unquestioned. The weak links of a chain of reasoning, apparently possessing great strength as a whole, were no longer able to escape detection. New points of view were offered for consideration. Fresh conclusions were found to follow from familiar premisses. The mode, for instance, in which variations in the supplies of the precious metal, or metals, chosen as the standard exercise their influence on prices was more carefully examined, and, finally perhaps, was more satisfactorily elucidated; and the distinction between the functions of money as a medium of exchange and as a standard of deferred payments was more lucidly and definitely established. If we compare the chapters upon money in any systematic treatise published since the controversy with those on the same subject contained in such a book as J. S. Mill's *Principles of*

Political Economy, we cannot fail to notice the marked influence exerted on the form and even on the substance of economic theory by the discussion of the practical problems of the day. The regulation of a paper currency, which was the centre around which the older controversies connected with the Bank Act of 1844 revolved, has, we observe, made way for the considerations which should properly determine the selection, and secure the maintenance, of a stable monetary standard.

But the quarrel between bimetallist and monometallist promoted also the closer, fuller study of economic history. The actual circumstances attending the introduction of gold monometallism in this country were submitted to a detailed scrutiny which previously they had not undergone. The real motives governing the action of the monetary reformers of those days were diligently reviewed, and a like careful inspection was attempted of earlier monetary history. No candid spectator could deny that our knowledge of monetary history has in consequence been both enlarged and corrected. Those who do not accept his main conclusions would nevertheless allow that Dana Horton, in his *Silver Pound*, by erudite research into documents cursorily examined or entirely neglected previously, was enabled to advance many fresh and pertinent suggestions. Nor, again, would the interested student question the novelty and persuasiveness of the idea that the attempted restriction of the movements of the precious metals in earlier times by Bullionists, and even by Mercantilists later, may have been partly due to a misunderstanding of the subtle operation of the different rating of the silver and the gold chosen by different countries under the older partial system of national bimetallism. For ignorance of the true causes which were then at work may have prompted desperate and confused endeavours to prevent or mitigate by any means their inevitable effects. This explanation may, of course, be pushed too far; but, employed with moderation, it undoubtedly sheds fresh light on what was previously obscure; and the new illuminant is certainly the product of the monetary debate. To the same debate, lastly, may be ascribed the instructive view that at the resumption of cash payments in 1819, the happy expedient of a token currency, which stopped effectually the recurring annoyance previously occasioned by the efflux of the silver coins, might have been compatible with the preservation of the bimetallic standard, and that at the time the imperative desire for convenient media of exchange forcibly removed into the dim background the advantage of stability in the standard. That, indeed, was hardly disclosed or appreciated in its full importance until, with the withdrawal of the controlling

influence of the bimetallic system of the Latin Union in 1873, the possible consequences of gold monometallism became realised. The monetary uncertainty seems now to be terminating in the general adoption of the single gold standard by the chief commercial nations of the world, and the great increase in the recent output of that metal has removed the serious obstacles to this particular solution of the problem. Yet the additions made to monetary history remain if the improvements in the exposition of the theory of the text-books have lost some of their immediate interest. The study of economic history has gained appreciably by the pertinacious popular discussion.

This is not the time or place to treat at any length of that fiscal controversy on which the nation is now busy. But it may appropriately be suggested that in its beneficial consequences, alike to economic theory and to economic history, it will probably present some analogy to the currency discussion. That the theories of international trade and value hitherto presented in recognised text-books of economic principles are susceptible of improvement in their statement, if not in their conception, will be denied by those alone who hold contentedly the disabling creed that economics should be unprogressive. The experience of other studies, on the contrary, shows that they lose vitality unless they are conscious of development. Economics, in its turn, cannot stand still and avoid the serious risk of deserved neglect. Without trenching to any excessive distance on the preserves of political debate, we may advance a little further. We may assert that a scrutiny, such as the fiscal controversy has promoted, of the main assumptions on which the theoretical presentation of the case for a practical policy of free trade has rested hitherto, cannot fail to be beneficial. Weaknesses, which were not suspected, may possibly be disclosed by closer examination; it is no less possible that latent sources of new strength may be discovered.

The controversy has also stimulated fresh inquiry into economic history. The question whether it has or has not tended to increase the appreciation by the public of such study generally, and to engender some mistrust of that elaboration of theory of a mathematical type, which has recently attracted the especial sympathies of expositors of principles, is a topic which, roughly handled, may cause unnecessary friction. It can be avoided on this occasion. But, apart from large vexatious considerations such as these, it is already evident that the fiscal, like the monetary, controversy has encouraged, and indeed demanded, the detailed re-examination of particular periods of economic history. Illustrations might be given which would introduce contentious

draw orders or pass debentures, or to cause to be paid as so much cash, x to y for z .

(3) The auditor's order to the Tellers of the Receipt to pay so much cash.

(4) As a later appendage to No. 2 the Letter of Direction from the Lord High Treasurer or the Treasury Lords prescribing the particular fund of cash out of which the payment was to be made.

Corresponding to these four separate operations there are four separate series of Treasury records :—

(1) The series containing the privy seals mentioned in No. 1 above. After being variously styled "Privy Seals" or "Letters Patents," and what not else, this series from 1680 onwards is methodically and regularly denominated the "King's Warrant Book."

(2) The series containing the Lord Treasurer's warrants. This series, from the moment of its inception, is uniformly denominated the "Money Book."

(3) The series [hitherto officially understood as] containing the auditor's orders. This series, from its inception, is uniformly styled the "Order Book."

(4) The series containing the Letters of Direction. This series is similarly uniformly styled the "Disposition Book."

It is to No. 3 that I wish to direct attention, viz., the "Treasury Order Book." The hitherto accepted explanation of it has always seemed to me questionable for two reasons. Firstly, the auditor of the receipt was not a Treasury official, but an Exchequer official. The book, therefore [the "Order Book"], in which he entered all the orders made out by him (according to the above-described process) should be an Exchequer record and not a Treasury record. And when we turn to the Exchequer records we find that there is in existence an (Exchequer) auditor's order book corresponding exactly to the function set out under item (3) and the process detailed above. The question, therefore, naturally arises : Why should there be among the Treasury records a [supposed] duplicate of a *purely Exchequer* record?

Secondly, although from the moment of the birth of the "Treasury Order Book" it travels alongside the "Treasury Money Book," it did not originate at the same moment of time, as one would expect if it formed an integral part of the Treasury system of money payment procedure. There must therefore be

something in its life history which differentiates it from the money book, and as a consequence it is doubtful whether it does, in its original nature, form an integral part of the Treasury system of money payment procedure.

But although these doubts were aroused in me I was unable to solve them, and I was therefore reduced to methodically calendaring the record whilst patiently waiting for the book itself to give up its secret.

The explanation has come at last, and it is, in its way, a revelation. To make the explanation clear it is necessary to go back a little beyond the time of birth of this Order Book.

The employment of the device of payments by means of tallies of assignation was not an innovation at the Restoration. But from 1660 onwards Charles II. (or his Treasury officials) made a more extensive and regular use of the device than formerly, to such an extent indeed that it may fairly be described as a new feature of the financial machinery of the Government.

Charles's great need at the Restoration, and indeed all through his reign, was a supply of ready cash to carry on the services. His revenue (as all public revenue always does) only came in gradually in the course of each financial year, whereas his expenditure (as all public expenditure always does) began immediately from the opening of each financial year. Modern States have for long solved the problem of providing a floating supply of ready cash to work departmental services. They issue various forms of credit on the strength of the incoming taxes, and as the taxes come in these various fiduciary issues are liquidated. The process seems so easy to the modern mind that we are almost reluctant to acknowledge the difficulty of the problem which beset Charles. No such device existed in 1660, but all through the years 1660-7 he or his Treasury officials were groping their way to it. The first crude and ruinous step to it was to let to farm the chief sources of revenue. The inducement to this was in every case the same, viz., the advance of ready money by the farmers themselves on the credit of their farm. In the case of the Excise, for instance, the farmers of the various counties were bound by the terms of their farm to advance a quarter's rent at the time of signing the contract. In the case of the customs the advances took the form of individual separate loans, made on the strength of the customs, and it may be asserted roughly that the customs farmers were creditors to the State for a running loan or advance of about £200,000.

For the first seven years of his reign Charles worked this

system as well as he could. Every source of parliamentary supply which he possibly could he put to farm.

But these systematic farms, as a necessary consequence, introduced a new element into the financial system of the country. Instead of waiting, say, for the customs farmers to pay £20,000 into the Exchequer as part of their accruing rent (which might have meant waiting, say, three or four weeks) it was clearly more convenient to issue an authorisation to the customs farmers requesting them to pay £20,000 to such and such an accomptant. This was done by means of a tally of assignation. This tally was struck in the Exchequer, was given to the accomptant, was taken by him to the office of the Customs Farmers (the Custom House), and was there cashed. The tally said in effect to the Customs Farmers: "The National Exchequer owes A B £20,000. You pay him this money, and we will agree that such payment by you to A B shall be construed as a payment of £20,000 into the Exchequer as part of the rent due from you for your farm."

By means of these tallies of assignation, therefore, the Customs House and the London Excise Office became virtually national pay-offices, competing with, or standing side by side with, the National Exchequer.

But although these novel pay-offices led to greater complexity in the Exchequer and Treasury system of the time, they did not lead to the origination of any new series of books or records, either in the Treasury or the Exchequer. The difficulties arising from such complexities were met by means of special Treasury warrants as each difficulty arose; and considering the bewildering complexity of the arrangement the Exchequer system rose to the occasion, and worked the machine wonderfully well.

It was when the farming system itself and the system of tallies of assignation proved insufficient that a novel departure was made, and this departure led to the origination of the "Treasury Order Book."

The change was made as a consequence of the Dutch war. At the time of the outbreak of that war Charles's ordinary sources of parliamentary revenue were pledged up to the hilt. The assignations on the Customs and Excise amounted to practically eighteen months' clear rental of the farms, and it was impossible to raise new credit by any further assignations thereon. It was therefore necessary to raise an entirely new species of credit, on the strength of the fresh supply which Parliament voted specifically for the war. The first item of this new supply was the Royal Aid granted in 1664-5 for £2,477,500.

It speaks volumes for the financial ignorance and confusion of the time that in the Act of Parliament granting this supply there was no provision whatever made for raising immediate credit on it. The contributions had to be assessed by commissioners, collected by collectors, received by receivers, and then at last, months after it was granted and months after the war had broken out, the money was brought up to London in carts guarded by soldiers, and paid in a gradually broadening stream into the Exchequer at Westminster. In the meantime Charles had to equip his ships without the help of either ready cash or credit. That was the way we went to war with the Dutch in the year of grace 1665.

The bitter experiences of the war pointed imperiously to the need of some provision of credit and of a different system of financing. Accordingly, when Parliament next granted supply, it set itself to solve the problem. The mechanism which it invented for the purpose is set out in full in clauses v.-xi. of the Act for the grant of an Additional supply of £1,250,000 (17 Car. II., c. 1, Statutes of the Realm v., p. 570). In brief the scheme was as follows :—

Persons lending money on the credit of the Act or furnishing [for the navy or ordnance, any] wares, victuals, necessaries or goods, were to be repaid out of the moneys arising from the Act. Pending such repayment they were to receive security as follows :—

(1) Persons making loans of money into the Exchequer were to have a tally of loan struck in the Exchequer, and at the same time an Order for their repayment, the Order to bear the same date as the tally of loan, and in the said Order there was to be a clause warranting the payment of interest at 6 per cent. for the period which should elapse between the making of the loan and the repayment thereof. Similarly, all persons advancing stores for the navy or ordnance on the credit of the Act were to receive a certificate from the Commissioners of the Navy or the Ordnance Commissioners : on production of these certificates [at the Exchequer] such creditors were to receive warrants or orders for the payment of the sums due for such goods or loans, and the payment would be made when the funds came in.

(2) All these orders for repayment of loans, and orders for payment for goods, were to be registered in course—that is, were to be entered consecutively as produced to the officers of the Exchequer, and were to rank for payment in the consecutive order in which they stood on the register—no single order to have

preference over another, but all to be entered in their course, according to the dates of the tallies and the times of bringing the certificates.

(3) The remaining clauses of the Act concerned the keeping of a special register in the office of the auditor of the Receipt for the entering of these orders in course : which said register was to be freely open to inspection and access of all persons concerned therein. Lastly, the new series of orders or warrants hereby instituted as above, were made transferable from hand to hand by the endorsement of the assignee.

The words in which this new series of Exchequer records are described are as follow :—

“That there be provided and kept in his Majesty’s Exchequer (to witt) in the office of the Auditor of the Receipt one Book or Register, in which book or register all moneys that shall be paid [as loans] into the Exchequer by this Act shall be entered and registered apart . . . from all other moneys and branches of your Majesty’s revenue whatsoever.”

“And that also there be one other Book or Registry provided or kept in the said office [of the Auditor of the Receipt] of all orders and warrants to be made by the Lord Treasurer and Under Treasurer, or by the Commissioners of the Treasury for the time being, for payment of all and every sum and sums of money to all persons for moneys lent, or wares or goods bought [as above] . . . and that no moneys leviable by this Act be issued out of the Exchequer during the war, but by such order or warrant mentioning that the moneys payable by such order or warrant are for the service of your Majesty in the said war.”

The procedure here prescribed is perfectly simple. A private individual making a loan on the credit of this Act took his money to the Exchequer (Teller’s office). He there got a tally which was simply a receipt, or voucher, or acknowledgment. He took this receipt to the Auditor’s office, and there it was entered in the register of loans, which we will style Record No. 1. Thereupon the auditor made out a paper order for the repayment to the creditor in question of the amount of the loan. This order was endorsed with the number which represented its rota, or turn, or course of payment, was taken to the Treasury, was there signed by the Treasury Lords, was taken back to the Auditor’s office, and there entered up by the Auditor in his register of orders, which we will style Record No. 2. Then the order was delivered to the creditor, who took it home, and simply waited for it to mature. When its turn of payment came he was apprised of

the fact by an advertisement in the *Gazette* saying that orders number so-and-so fell next in course to be paid, and would be paid accordingly on presentation. On the day of payment, the creditor received not only his principal, but also 6 per cent. interest for the time of the loan, and 4 per cent. more as further interest or gratuity.

If instead of making a loan the creditor had supplied goods for the Navy on the credit of the Act the procedure was identical, save that the voucher took the form of a certificate from the Navy Commissioners instead of a tally from the Tellers.

The records which I have here styled Record No. 1 and Record No. 2 were both Exchequer Records. They neither of them, therefore, constitute the "Treasury Order Book." This latter was a distinct thing. It was the replica on the Treasury side of that Exchequer record which I have here styled Record No. 2. The Act of Parliament does not prescribe the keeping of such a Treasury replica, but the mere routine of Treasury work necessitated the keeping of such a replica. The repayment orders had to be signed by the Treasury Lords. It was therefore a perfectly natural and very necessary thing for the Treasury clerks to keep a book for themselves, in which they entered all such orders as were so signed. This book is the "Treasury Order Book."

The exposition which has been given above will probably seem so simple that it may be regarded as hardly worth emphasising. But the mere account of the historical origin of the record by no means covers the whole of the ground. From the moment of the inception of this system of obtaining credit on incoming taxes its enormous advantages over the old system of tallies of assignation on tax farms was grasped with avidity by Charles's officials, and the system was immediately extended to other sources or branches of revenue which had never been contemplated by the original Act of Parliament just reviewed. *Pari passu*, the "Treasury Order Book" changes in its character, and becomes much more comprehensive in the ground it covers. One after another the various branches of the King's revenue, Customs, Excise, and Hearthmoney, were drawn into the system of "registering," and when this had been accomplished, an unseen, unsuspected, and most vitally important financial revolution had taken place—even before Charles's officials themselves had grasped the deep significance of it. Hitherto, these orders had represented actual transactions—so much money lent on the Act or so much goods supplied on the Act. But when Charles came to register, say, on the Hearthmoney his hands were not tied by

any Act. He could therefore make out fictitious orders, orders not representing any actual transaction at all, orders which were in fact only so much paper credit created at will in the Treasury. If Charles wanted to find funds, say £20,000, for, say, the Paymaster of the Forces, all he had to do was to have twenty orders made out for £1,000 each on the credit of, say, the Hearthmoney. After these were signed by the Treasury Lords they were registered on the Hearthmoney, endorsed with the order or course of their payment, and handed *en bloc* to the Paymaster. That official was then left to his own devices. He could either pay away this paper, or could go into the open market and raise loans on it at his discretion.

I think it is no exaggeration to say that this is the origin of official *paper money* in England. The orders themselves were transferable from hand to hand by endorsement. They were negotiable. In every feature of importance they were identical with the Exchequer bills which succeeded them, and took their place towards the close of the seventeenth century. And with regard to these Exchequer bills I have always held, and am prepared to maintain, that they were, in very deed, a subsidiary negotiable paper money standing side by side with and supplementing the note issue of the Bank of England.

That, however, is a later aspect of the question. For the moment I only wish to point out the effect of this financial revolution on the character of the "Treasury Order Book." Whereas during the first few months of its existence this record is an entry book representing genuine transactions, genuine loans, or genuine supply of goods, it becomes very soon, in the course of the year 1667, an entry book of creations of fictitious credits on the funds of the Excise, etc. From this moment it is divided up into sections:—

- [Section 1] orders [created] on the Customs;
- [Section 2] orders [created] on the country Excise;
- [Section 3] orders [created] on the London Excise;

and so on, each series being kept distinct, and this becomes for a time the stereotyped form of the book.

Before the close of the seventeenth century was reached another revolution in the methods of national finance had taken place, and instantly accommodating itself to the change, the "Treasury Order Book" takes on quite a different character again. But that is another story which I must reserve for later treatment.

THE CURRANT CRISIS IN GREECE

THE history of the currant industry down to 1899, together with an account of the crisis of overproduction which led to the establishment of the "retention system," have been exhaustively set forth in the *ECONOMIC JOURNAL* (December, 1899) by Mr. T. A. Burlumi. I propose to limit myself to the events subsequent to the year 1899, dealing more especially with the recent law of July, 1905, and the convention which that law sanctioned. The crisis in the currant industry was due to the closure of the French market. The exports to France, unimportant up to 1878, had grown after that date so rapidly that they exceeded the exports to England and absorbed nearly half the entire production. This demand having been the immediate consequence of the destruction of the French vineyards by phylloxera, it was natural that it should cease as soon as those vineyards were replanted. But the Greek cultivators, not anticipating the rapidity of this recuperation, went on extending their own currant vineyards from 435,000 stremmas¹ in 1880 to 670,000 in 1891.²

The protective measures voted in France, by reducing the huge exports of currants to almost nothing, suddenly brought on the Greek market a crisis which will not easily be forgotten. In May, 1893, the lowest price in the London market was 21s. per cwt.; in November of the same year the same produce was offered at 6s. only. As the duties, taxes, freight and other charges amounted to 8s. 6d., the Greek producer, in order to dispose of his currants in England, had to sustain a loss of 2s. 6d. per cwt.

The situation was aggravated by the fact that many citizens had lent large sums to the *paysants*, so as to enable them to carry on their new plantations. The consequences of the crisis were thus felt alike in the agricultural and in the urban districts. The evil could be met in two ways only: either by the development

¹ A stremma is about the fourth of an acre.

² The production thus rose from 195,108,000 to 344,000,000 Ven. lb.; v. *Statistical Information concerning the Currants*, p. 76 (published by order of the Greek Minister of Finance in 1903).

of consumption or by the restriction of production. The first alternative was by no means easy. In Greece itself the currants are not consumed. On the other hand, the conquest of fresh foreign markets was rendered difficult by the fact that, while currants are not an article of first necessity, their easy conversion into wine enrolls against them the distrust of wine-growers.¹ As regards the restriction of plantation, everybody agreed that it was the only rational scheme; but nobody would set the example, fearing that it would not be followed and that his sacrifices would only prove a benefit to the others. Moreover, the destruction of a plantation involved the ruin not only of the grower, but also of those who had lent to him the means of cultivating his vineyard and to whom it was generally mortgaged.

These peculiar circumstances gave rise to the notion that it was not the production, but the quantity offered that ought to be reduced. In other words, the plantations, which formed the only fortune of the *paysants* and the only guarantee for the loans granted to them, were to remain intact: but the quantities brought on the market were to be curtailed, so as to keep up the prices to a satisfactory level. In accordance with this idea a Bill was passed in 1895 in virtue of which 15 per cent. of the production was to be deposited in the hands of the Government. The "retained" currants were to be sold only to home distillers² and thus be withdrawn from the dried fruit market.

The following years were marked by a slight rise in prices. It was owing probably to unsatisfactory crops, but was generally attributed to the "retention system." The Greek Government was consequently called upon to transform the law of 1895, which had a provisional character, into a permanent Act, and to use the sums obtained by the sale of the retained currants to distillers as the capital of a local bank destined to come to the aid of the currant-growing districts.

The Theotoky Cabinet yielded in 1899 to this pressure, as had already done the Government of M. Delyannis in 1895. A Bill was carried establishing the retention for ten years, fixing its amount no longer at 15 per cent., but at a quantity varying, according to the amount of the crop, from 10 to 20 per cent. Last, but not least, the special bank asked for was created under the name of Currant Bank (*Stafidiké Trapeza*).

¹ It is for this reason that an attempt to introduce currants into Russia failed. On the demand of the Bessarabian wine-growers, M. De Witte authorised special protective measures.

² By the same statute the Greek distillers were obliged to use as first material for alcohol and syrup currants and grapes only.

The year 1900 having yielded a very bad harvest, things went for a time smoothly; but with the magnificent crop of 1901 the crisis reappeared fiercer than ever. The original opponents of retention—and they carried with them all persons more or less familiar with political economy—grew aggressive. They condemned the whole system as artificial, unjust and ineffectual. They deemed it unjust, as being applied to all the currant-growers without distinction, whereas the overproduction existed mainly in those districts which produce currants of secondary quality, fit more especially for vinification. Indeed, the Gulf district, as well as Zanta and Cephallonia, which produce first-class currants, remained more or less unaffected by the closure of the French market.¹ On what ground then, it was asked, is their production to be curtailed by 10 to 20 per cent.?

The opponents of retention urged further that this measure had been very wrongly compared with the German *Cartells*. In Germany it was the *production* which was artificially limited, to the necessities of the market; in Greece it was the *offer*. And the difference between the two systems is the following: in Greece the producer remains exposed to all the toils and expenses of production; it is only after this that he sees a part of his produce withdrawn from him. In Germany the producer produces, it is true, only a part of what he could have produced, but he has to provide for the expenses of merely this limited production. Moreover, no serious comparison can be drawn between an industrial and an agricultural production, since the one can be precisely fixed beforehand, while the other depends entirely on climatic conditions.

Referring to the results themselves of the *parakratissis*, its enemies had no difficulty in showing that the rise of prices aimed at had not been attained. Consequently, the only result was to render permanent a crisis which could have been only temporary if the "economic laws" had been respected—i.e., if the law of offer and demand had not been interfered with. No doubt many a one would have been ruined; but such losses would have been limited to the second class currants, and a help of some kind would eventually have enabled the *paysants* to

¹ The effect of the French demand may be judged from the following figures:—

	Quantities produced per annum in Ven. lb.	
	(1876-1880.)	(1893-1894.)
Gulf and Ionian Islands	125,000,000	158,000,000
Other districts	51,600,000	161,300,000

For further details see an article by M. Lambros Coromilas in the *Economiki Hellas* (1st January, 1903).

transform their vineyards into more remunerative cultures,¹ or even into pasturages. In any case, such losses, being local and temporary, would have been preferable to a crisis general and universal, which threatened the prosperity of the whole kingdom.

In replying to these arguments the promoters of retention did not deny that the Bills of 1895 and 1899 had proved failures; but they contended that the failure was to be attributed, not to their system, but to the fact that the system had been applied only partly. To make this clearer they took the Bill of 1899, which fixed a maximum of 20 per cent. for retention. Now, said they, the overproduction may, and practically does, exceed 20 per cent., consequently the aim which the retention has in view is not attained. The system cannot work if the entire quantity exceeding the requirement of the market is not retained. The advocates of the system urged also that it was preposterous to legislate for retention while permitting fresh plantations of currants. The benefits looked for by the diminution of quantities offered had been neutralised by the extension of the culture. In conclusion, they urged that the "retention" should not be abolished, but rather enforced, first by the suppression of any maximum limit, and secondly by the prohibition of new cultures.

If the Greek Government had had a free hand there is little doubt that, between the two solutions proposed, it would have chosen the first: namely, the abolition of retention.² But, unhappily, no Greek Government had the strength to resist the pressure of the currant-growing provinces. Whatever cabinet was in power, its majority depended to a large extent on the representatives of these provinces, who form more than the fourth of the entire Chamber. Moreover, the arguments put forward by these representatives in claiming to have their way in this question were strong. According to them the currant-growing districts were not seeking either direct help from the State or even relief in taxation;³ the measures they were asking

¹ This was done in the province of Argos. It is fair to add that the partisans of retention argue that such a change of cultures cannot be effected in other districts, as the soil is only fit for vineyards. A similar argument is now put forward in many a wine-growing district of the South of France.

² That all the Greek cabinets, from that of Tricoupis in 1894 down to the present administration, have looked at retention with distrust is recognised by one of the ablest promoters of the scheme, M. Aristomenes Théodorides, in the introductory remarks to his pamphlet: *Πρὸς τοῦ Ἀποχωρήσθαι*.

³ This was undoubtedly true till the Bill of 1904 was passed, transforming into a tax in kind the somewhat heavy tax in specie,

for could not affect the rest of the kingdom; there was, in short, no reason to prevent them from settling their own question according to their own ideas. As for political economy, a science that, according to Mr. Balfour, is in parliamentary circles more talked of than understood, the currant-growers treated it with every mark of external respect, but they contended that the principles set forth by leading economists could not apply in their case. The currant crisis was not an ordinary agricultural crisis, currants being a natural monopoly for Greece, and their industry having to fear not competition, but overproduction.¹

To all this the Greek Government had naturally a good deal to say. But as every crop was leaving a surplus, and that surplus, pressing heavily on the market, came, on the eve of a new plentiful crop, as a menace of further disastrous falls in prices, the Greek Cabinets were ready to listen to any suggestion which might gather round it the majority of the growers.²

M. Delyannis, who, in the spring of 1903, was again in power, appointed an extra-parliamentary commission to inquire into the question. While the inquiry was going on he refused, in the name of the Government, to take any initiative. But these Fabian methods found no approval with the growers, who started a lively debate in Parliament, demanding that the fixed maximum should be suppressed, and that the amount of the retention, determined on the eve of the crop, should be always equal to the expected surplus, whatever might be this surplus. This proposition was rejected by a majority of only one vote. It thus became clear that in one form or another its partisans would carry the day, when the unexpected news arrived that the British Government took exception to the measure on the ground that by the Convention of 1890 the Greek Government had bound itself not to increase the amount of the export tax on currants. According to the British point of view it was contrary to the spirit, if not to the letter, of the Convention to increase the retention indefinitely, since the rise in prices which would follow was as prejudicial to the British consumer as a rise resulting from heavier taxation. Although this contention cannot be considered as unimpeachable, yet the Greek Government, fearing lest the Anglo-Greek treaty of commerce should be denounced,

¹ The argument was not a very strong one, as it was well known that whenever the prices of currants rose there was a strong demand for *sultanina* dry grapes. Besides, nowadays, there is scarcely any produce for which a substitute of some kind cannot be found.

² This was candidly admitted by M. Theotoky in a recent speech (15th July, 1905).

yielded without difficulty. It was then that the currant districts, losing all hope of a legislative reform, turned their attention to a scheme, often broached before, but which now for the first time took a more tangible form : the scheme of monopoly.

This scheme, put forward by the representative of a British syndicate, "The Concessions and Monopolies," is summed up as follows by Mr. Harvey, British delegate on the International Financial Commission at Athens.¹

"According to the Convention, as eventually signed by the representatives of the syndicate and the Government, the company to be floated was to have a capital of £1,000,000, and its concession was to last twenty years. The quantities and prices of the various qualities of currants which the company undertook to purchase were as follows :—

Quality.	Quantity. Ven. lb.	At francs, gold.
1st	5,000,000	250
2nd	15,000,000	200
3rd	25,000,000	170
4th	35,000,000	150
5th	40,000,000	135
6th	45,000,000	120
7th	90,000,000	110
8th	65,000,000	100

"Provisions were included to safeguard the company's interests in the event of the total crop exceeding 320,000,000 Ven. lb., or of the quantities of certain kinds being such as to bring the total payable in any year by the company to a sum in excess of 40,950,000 francs, or of the exchange falling below 140 ; also for a revision of prices should the crop be less than a minimum of 250,000,000 lb. The extension of the area planted with currant-vines was to be prohibited by law. The company was to have the right of trading in sultanas.

"On the other hand, the company undertook that the currants should be retailed in the United Kingdom at prices varying from 2½d. to 6d. per English lb.

"Profits, after the provision of 6 per cent. dividend and certain reserves, were to be divided between the company and the Greek Government, subject to the reservation in certain cases of a minimum total dividend to the shareholders of 12 per cent.

"The Convention was brought before the Greek Chamber for ratification, and was there much criticised, mainly on the ground that it furnished little or no security to the country in the event

¹ See *Annual Series*, No. 3126, p. 15.

of the company failing to carry out its part of the agreement. The Greek Government undertook to try to obtain better terms from the syndicate, but, while the negotiations were proceeding, the Ministers of the United Kingdom, Germany, Italy, and Holland protested against the ratification of the Convention as an infraction of treaty rights."

The monopoly scheme thus came to grief; it was soon after officially buried by a declaration stating that King George's Government could not proceed with the ratification of the Convention "until the diplomatic obstacles to the monopoly had been removed." But this postponement *ad calendas græcas* did not solve the problem already existing. The crop for the coming year was estimated at 350,000,000lb., and the surplus, after deduction both of the amount retained and the exports, was reckoned not inferior to 73,000,000lb. The Greek Government had again to interfere, and, for the first time, to interfere directly.

The National Bank of Greece, the Bank of Athens, and the Ionian Bank were induced to lend to the Currant Bank, *with the guarantee of the Government*, a sum not exceeding 6,500,000 drachmas, to be devoted to the purchase of the already mentioned surplus, at a price of about 130*dr.* per 1,000 Ven. lb. The execution of this arrangement was rendered possible by the intervention of the distillers, who were ready to buy at 85*dr.* per 1,000lb., besides the currants retained, those to be purchased by the new loan.¹

An arrangement of this kind cannot be too severely criticised. The Government interfered in a business that was not within its legitimate jurisdiction. The Currant Bank was urged to buy from the producer currants at 115*dr.*, and to sell them to the distiller at 85*dr.* The producer was induced to believe that, whatever his miscalculations might be, he could always rely on the Government. As for the distillers, they did not make a bad bargain, but by accumulating stocks so large they were incapacitated from giving to the producer later on any effectual assistance. What was worse, the scheme did not bring even the expected temporary relief. The funds placed at the disposal of the Currant Bank were not sufficient to buy up the whole surplus of 1908's crop.² So that on the eve of the 1904 crop to the surplus expected from that crop the actual surplus of the preceding year was to be added. Fresh combinations had therefore to be de-

¹ This plan was framed while the monopoly scheme was still under discussion.

² Naturally enough the prices fell below the 130*dr.*, which the arrangement intended to guarantee to the producers as a minimum.

vised. They took the form of a Bill which was passed in June, 1904, its principal provisions being the following¹ :—

(a) *A prohibitive tax was imposed on fresh plantations of currant wines.* This disposition was in harmony with the principle of "retention." It is more doubtful if it was in accordance also with the constitution of the country, and if such a law, which aimed at the prohibition of new plantations, could be easily enforced.

(b) *For the export duty, averaging 13dr. per 1,000 Ven. lb., was substituted a duty in kind of 15 per cent.* This measure was the greatest blunder committed in the course of currant legislation. The Greek Government, instead of collecting annually 4,800,000dr. in cash, was to be burdened with huge stocks of currants, which it could not get rid of without bringing about an immense fall in prices. Nor was this all; the British Government, which in 1903 took exception to the unlimited increase of the amount retained, considered that the new Bill, by raising, as a matter of fact, the retained amount from 20 per cent. to 35 per cent., was open to the same objection. Consequently, Great Britain demanded a *quid pro quo* for the acceptance of the new Bill. The Greek Government granted some important concessions in the Customs tariffs, with the result that the Greek Treasury, which had already practically lost the revenue it derived from currants, also forfeited a part of the produce of its Customs.² As usual, all these sacrifices had no material effect on the crisis, which continued with the same intensity. The summer of 1905, as all summers from 1893 onward, opened with the prospect of new difficulties; and as then, so now, fresh remedies were proposed. This time they assumed the form of a great company, which aimed at safeguarding the rights of the revenue, jeopardised by the Bill of 1904, while guaranteeing to the producers a fair price for all their produce.

The principal provisions of the convention thus entered into and sanctioned by the Greek Chamber are the following : *In order to guarantee the Treasury*, the new company (styled "Privileged Company for the protection of the production and trade of currants") buys up the duties in kind at the fixed price of four million drachmas per annum. Moreover, if the profits of the company surpass 1,200,000dr. a year³ this surplus, up to the amount

¹ The Bill included some wise but tardy provisions for the better administration of the Currant Bank.

² As I have already suggested, I am not sure that in either case the arguments urged by His Majesty's Government were irrefutable.

³ One million two hundred thousand dr. are deemed necessary for the interest

of 500,000dr., will go to the Treasury. In order to check the unrestrained fall of prices, the company undertakes the obligation to buy from June 15th to August 1st any quantity offered to it at the prices of 115, 130, and 145 drachmas per 1,000 Ven. lb. These prices vary according to the producing provinces and to the quality.¹

This provision aims at relieving the market on the eve of every new crop from the surplus of the preceding year. In case the producer, even after the removal of this surplus, does not find satisfactory prices, he has the choice either of selling his produce to the company for 115dr. or of depositing it at the general warehouses which, according to the Convention, the company is to open and where he will receive the four-fifths of the price (115, 130, or 145dr.) guaranteed by the Convention.

Herein lies the principal difference between the new convention and the old monopoly scheme. With the monopoly the currant-grower had to sell his produce to that company; now his liberty of action remains entire. On the other hand, the new company has not the right to trade in currants. With one exception, to which I shall presently refer, the company must manufacture into alcohol all the currants that come into its hands—either by purchase, or as retained produce, or, lastly, as duties in kind.

As against these obligations the company acquires the following rights:—

(1) Becomes proprietor of the produce of the retention (fixed once for all at 20 per cent.) and of the duties in kind. In other words, of 35 per cent. of the entire annual production.

(2) Collects a duty of 7dr. on every thousand of Ven. lb. produced. The term *produced* includes, besides the currants exported, all currants bought by the company or deposited in its general warehouses. This 7dr. duty has been compared by the promoters to an *insurance premium* paid by the producers to a company which guarantees them against an unlimited fall in prices.

(3) The provision of the Bill of 1904 forbidding new plantations remains in force. Art. 8 of the law of 1905 gives the company the right and the means of controlling the enforcement of at 6 per cent., to be paid to the shareholders of the Society, whose capital is fixed at 20,000,000dr.

¹ One hundred and fifteen dr. are offered for the produce of the provinces of Messenia, Calamata, Olympia, and Pylos, without distinction of quality; 130dr. are offered for the rest of the production. The convention adds that 145dr. will be paid for the first class currants of the Gulf of Corinth; but this produce always fetches a higher price.

that provision. The company is thus assured that the maximum production of late years cannot be overstepped.¹

(4) The company is, as we have seen, obliged to transform its currants into alcohol; but Art. 12 of the Convention, by prohibiting the manufacture of alcohol from any other produce than currants and grapes, constitutes an important compensation for this obligation.

(5) The company has not, on principle, the right to sell currants. Nevertheless, if the company finds itself possessed of more than 90,000,000 Ven. lb., it is authorised to sell any quantities over and above that amount at a fixed price of 160*dr.* The profits accruing from such sales will be very great, since the produce sold at 160*dr.* will have been bought at 115 and 130*dr.* But the company will retain only a fifth of such profits, the other four-fifths being devoted to the liquidation of the Currant Bank, and, later on, to the relief of the producer, by effecting a corresponding diminution in the year following of the 7*dr.* duty.

A comparison of the above enumerated rights and obligations of the new company will easily show that its future profits will depend on the amount of the crops. Making an approximate estimate, its profits or its losses will vary as follow :—

Production.	Exports.		Profits.	Losses.
400,000,000	250,000,000	Ven. lb.	—	4,970,000 <i>dr.</i>
360,000,000	250,000,000	„	—	1,205,000 „
300,000,000	250,000,000	„	2,710,000 <i>dr.</i>	—
200,000,000	250,000,000	„	9,870,000 „	—
100,000,000	200,000,000	„	15,670,000 „	—

Such as it is the Convention met with no small opposition. The opponents of retention pointed out that, while the conviction that retention had failed as a measure of relief was gaining ground with the public, the new scheme was establishing and reinforcing it for at least twenty years. They added—and in this they were undoubtedly right—that the situation of the producer was rendered worse. To illustrate this assertion they took as an example the case of a producer who would receive from the company 115*dr.* for his currants, but who before receiving this price would have to give away 20 per cent. (*i.e.* a quantity worth 23*dr.*) for the retention, 15 per cent. (worth 18*dr.*) for the tax in kind, plus 7*dr.* in cash for the “insurance premium” paid to the company. Consequently he would have to disburse, as a matter of fact, 48*dr.* before getting a farthing. Finally, out of the remnant of the 115*dr.* he would have to cover the cost of produc-

¹ M. Pesmazoglou, principal promoter of the new scheme, has even expressed his confidence that the production will diminish as the vineyards are getting old.

tion and to maintain his family. "And think," exclaimed ironically a late Minister,¹ "that all this is done in order to protect the suffering producer."

Turning to another point, the Opposition observed that the new company was a speculative concern. Even its promoters admit that it runs some risks. Suppose, they said, a succession of very productive harvests, which would, of course, bring the company to grief: what would be the consequences of such a possibility? The market and the currant trade will have been upset in vain, with the result that the position of the producer will then become desperate.² Some other speakers in the Chamber attacked less the principle than the details of the Convention. They contended that by giving to the company the right to sell, in certain contingencies, its accumulated stock at 160*dr.*, the Bill deprived the producer of the prospect of ever seeing the market price exceed that limit. They contended also that the Bill did not fix very clearly what would become of the company's property in case of liquidation. Certain other provisions of the Convention gave rise to minor objections, and altogether the opposition in the Chamber was so strong that the Government had to make the voting of the Bill a question of confidence. It is probable that any other Cabinet would have followed the same policy, and this for two main reasons:—

(a) That, while no Cabinet dared to abolish the tax in kind, the Greek Treasury could not stand any longer the loss thus accruing. The Convention very happily protected the rights of the Treasury and maintained a popular form of taxation.

(b) The currant-growing provinces had declared themselves for the Convention with the same enthusiasm with which they had supported all the previous schemes.

The psychology of the growers is a curious one. It reminds one of those patients who, in order to avoid a painful operation, try one after another all the narcotics known to science or to quackery. Such drugs soothe temporarily the patient, but they do not cure the disease; in our case they have even rather weakened the patient. Let us hope that the new Convention will prove a sound and efficient remedy.

A. ANDRÉADÈS

ATHENS, October, 1905.

¹ M. Triantaphyllacos.

² It must be admitted that this argument, very strong in theory, had in practice little effect; the confidence in the business capacity of the promoters being very prevalent.

THE MEASURE OF INDUSTRIAL ECONOMY

OR THE SCIENCE OF ECONOMIC INDUSTRIAL PRODUCTION

It has for long been well recognised that neither the ratio of profit to capital cost, nor that of value of product to capital cost, nor even that of value of product to working expenditure, affords a perfect measure of economy of production.

Still more evidently true is the proposition that physical efficiency alone is no complete test of commercial economy, although it is, of course, one of the factors influential in determining it.

The ratio of cost to value of product is often given as a measure of economy. Besides other objections, there is this first one, namely, that it decreases as the economy increases : it varies in the wrong direction. Its reciprocal is at least more rational in this respect.

Efficiency, however measured and of whatever kind it may be, does not labour under this defect. As commonly understood, its measure always increases as the operation under consideration becomes more satisfactory from the point of view from which the efficiency is regarded. In common language the word "efficiency" is given very various degrees of breadth of meaning ; and in its widest sense its meaning is nearly identical with that of economy, except that it is generally evaluated without regard to costs while economy is always understood to cover a reference to cost. For example, the management or organisation of works may be appraised as efficient in spite of its not yielding the highest possible economic results, and the working of an engine or other machine may be efficient although it may prove a costly luxury.

In its various technical meanings, however, the definitions of "efficiency" are all very strictly limited to particular aspects of the operations investigated, and the definitions have proved so immensely useful that no engineer would dream of using the word in any more general sense.

Very few, if any, efforts have been made to give measurable and scientific definiteness to the meaning of the term "economy," either in engineering or in other industries.

Only in four directions is there conspicuous any keen endeavour to apply scientific method in guiding business operations.

The first may be dismissed in a word. It is the devotion of immense amounts of keen scientific intelligence in happy combination with immense quantities of money to the construction of the destructive machinery of war. Here the *utility* of science appears brilliantly conspicuous. An engine, in the construction of which £20,000 of useful material and labour has been sacrificed, is easily able to destroy in five minutes other constructions upon which £500,000 has been spent. The most interesting and curious feature of this useful application of science is that much of the effort and money is spent in the manufacture of the engines, and very little in the training in intelligence, skill, or common sense of the men who are to operate them. The *economy* in this scientifically directed business is incapable of measurement.

The second sphere to which our proposition does not truthfully apply is that department of science called "political economy." In regard to this, space permits only of the remarks that political economy has so far always appeared to dwell very much up in the air, that its propositions often seem much like metaphysical arguments, and that it uses as data ascertained statistical facts only in the gross—in the very massive gross—to demonstrate what whole battalions and armies of people do : it does not condescend to give guidance to individuals, or even to groups of a few thousand shareholders in particular industrial or commercial companies. It certainly leaves room for a science of economy *en détails*.

The third exception is only half an exception. It is electrical engineering, whose very recent birth has forced it to go hand in hand with science throughout its adolescence. In this sphere the art of construction, at any rate, is largely scientific, and there is at least a full consideration of all-round costs. To what degree that last consideration is strictly scientific, or will develop into being so, will be determined by the history of the next few years.

The fourth exception is the only one in which we see any strict and systematic combination of scientific method and business practice. It is life insurance, which is based on admirably strict scientific investigations of our life and death prospects,

and in which the prices are arranged with such skill that liberal yearly profits are a matter of mathematical certainty, there being absolute assurance that the average premium payer loses monetarily by the transaction.

Among these electric engineering is the only activity which is a productive industry in the ordinary sense of the term.

Physical efficiency has never been deemed unworthy of scientific labour and investigation—always provided it be very strictly physical. The scientist will devote himself heartily to the measurement of the thermodynamic efficiency of an engine to an accuracy of three or four decimal figures; and if he invents an equation, showing whereby this efficiency may be raised by $\frac{1}{4}$ of 1 per cent., he will claim the gratitude of industrial posterity. The electrical efficiency of a dynamo or of a motor is an equally praiseworthy object of scientific investigation.

The purpose of Economy is to turn all means of production to the best account for developing the comfort and opportunities for higher things of workpeople, designers, managers, and capitalists alike. Surely this purpose also is well worthy of having a scientific method to guide it. A one per cent. saving in economy means as much in increase of human happiness and chances of human high character as does 15 or 20 per cent. saving in physical efficiency. There is simply no case at all for seating physical and biological sciences in the narrow senses on the high altars of Science to the neglect of the greater science of Economy. The highest positions they can rightly claim are those of hand-maidens to Economy.

The true measure of economy must include a comparison of the value of the product with the cost of its production. But it must also include a comparison with the time taken to produce the result. A Japanese *cloisonné* that has taken nine months to make, or a lacquer cabinet that has been in the making for nine years, may have such high artistic value as to prove great economy in its manufacture; but if either were made as good in one-ninth of the time, evidently it would be made more economically.

The market price is a fair and easy measure of its finished value. To understand clearly the influence of the time-element on the proper evaluation of the economy, it is needful to examine closely the amount of total gain derived from the industry. This total gain is exactly measured by the total amount of healthy human life which it supports, or supplies means to support—because, if these means are squandered, that waste is not to be debited against the industry but against the habits of the persons

to whom this gain is handed over. This total gain thus includes all the wages paid to workpeople, all the salaries and fees paid for management, all the interest paid to debenture holders, all the dividends paid to shareholders or nett profits paid to partners. When distribution or retail commerce forms the substance of the business, or is included in a manufacturing business, the total gain includes all the middleman's nett profits. Besides these essentially it includes the excess, if any, of the real value of the product to the final purchaser over the price he pays for it; but so far as the manufacturing industry or the commerce is concerned, the market selling price must be taken as the final value in the calculation of the economy of the manufacture and its distribution.

This total gain is evidently quite different from what is technically called profit. In fact, the total gain may be split up into a large number of co-ordinate or successive profits, reaped by a correspondingly large number of persons or sets of persons. It is the sum of all these profits. Being the total benefit reaped by all the human individuals co-operating in the business, it equals the excess of the final realised value over the material value that has been spent in the production. This material value so spent falls into two distinct classes; namely, that of the raw materials used up (minus the value of any bye-products obtained from these) and that of depreciation of plant, inclusive of "maintenance and repairs." These, and these two only, are absolutely spent in the production. The excess of the final realised value over this so spent is the remuneration paid: (1) for all the labour and skill devoted to this realisation of new value, and (2) for the use of the capital plant.

Now the human benefit derived from this excess, both that of its total and that of each item of the total, is clearly inversely proportionate to the time taken to realise it. It is so because its whole purpose is to furnish means of carrying on life from year to year and from day to day. This purpose is accomplished necessarily and essentially at a time-rate—so much means of operating human life in all its institutions per day.

The economy of an industry must therefore be measured as a time-rate. It is directly proportional to the value of the product, and inversely proportional to its cost and to the time taken to make it and to realise its value.

*In the measurement of the earnings or profits of capital there has never been any hesitation or doubt as to adopting a time-rate. They are reckoned as annual percentages of the capital,

and everyone knows that 6 per cent. profit per year is the same thing as $\frac{1}{2}$ per cent. per month.

For the purpose of this article it is, however, instructive to note in passing that, if the interest at the rate i per annum were payable monthly, it would accumulate at compound rate to materially more than i per year. Thus 5 per cent. per annum, payable at the rate $\frac{5}{12}$ per cent. per month, would accumulate to $5\frac{1}{2}$ per cent. per year; 10 per cent. per year, payable at the rate $\frac{10}{12}$ per cent. per month, would mean nearly $10\frac{1}{2}$ per cent. per year; and 20 per cent. per year, paid monthly at the rate $\frac{20}{12}$ per cent., would be equivalent to almost 22 per cent. per year. Note especially that the difference is entirely due to the *time of turnover* being in the one case only $\frac{1}{12}$ th of its duration in the other case.

Profits are not a good measure of economy for four reasons. In the first place, what has been explained above as total gain, which is really the total profit to all concerned, is, as a matter of established custom, split up into many successive profits going to different sets of persons; and, as these are always considered wholly apart from each other, it would be difficult, and even if practicable still inconvenient, to introduce a new method of considering them in combination under the same or a similar name. Secondly, profits have been habitually reckoned in proportion to fixed capital, whereas economy must be considered in proportion to cost, which is entirely different from fixed capital. Again, profit is necessarily calculated in money, while it is often convenient not to be tied down to value expressed in money in the consideration of economy. The necessity for the money measure of profit arises from its being the excess of realised value over cost, while cost is made up of such a variety of items of different kinds that it is impracticable to sum up total cost except by reducing all its items to the one common money measure. Lastly, being taken in money measure, profits cannot be satisfactorily stated except by reference to current market prices. It is desirable to have a measure of economy which may readily be made independent of temporary variations in market selling value.

For these reasons it is preferable to use the value of the "product" in place of the profit. This has an intrinsic value which it is not essential to state in money, and which also remains steady and unaffected by the daily changes in market prices. Thus so many tons of pig iron of given quality have intrinsic value quite independent of selling price, and the statement of the quantity and quality of the iron is in itself a complete speci-

cation of this intrinsic value without any reference whatever to price.

The true Commercial Economy Coefficient is therefore—

$$\frac{\text{Product}}{\text{Cost} \times \text{Time spent in production.}}$$

Here the Cost is always a sum of money, but the ratio Product/Cost *may* be so many tons of iron per £1 cost, or so many bales of cotton per £1 cost. If the product be evaluated in money, then the ratio Product/Cost becomes a pure number; but not otherwise.

As regards the Time-divisor in this Economy Coefficient, some careful consideration is required. In a steady continuous manufacture, like the spinning of cotton, or the weaving of carpets, or the supply of town drinking water, the quantity of the product is proportional to the time spent in producing it, and is also proportional to the cost of its production; so that, without definite limitation of the time used as divisor, the absurd result would be obtained of making the numerical value of the above economy coefficient inversely proportionate to the length of time considered. If taken for one year, it would be only $\frac{1}{12}$ th as much as if taken for one month; whereas the economy is the same all through. Again, if there were used the time spent upon the manufacture of any specified standard quantity of product, then since this quantity would be produced by two identical factories in half the time needed by one of these alone, the measure of the economy of the two together would be double that of each taken singly. This again would be an absurd result. The combination of the two under one managing staff might, of course, lead to many savings in cost; but this is irrelevant, as the supposition in the *reductio ad absurdum* is that each is run with equal efficiency, and that no change in their working is involved in considering the two, either together or apart.

The true answer to these difficulties is obtained by considering the case of the manufacture of a definite complete article, which becomes of intrinsic utility only when completed; say, for example, a machine of any kind. During its making, and up to the time of its value being realised—that is, of its coming into use, or of being paid for in money, the working costs of its manufacture have to be *advanced as capital expenditure*. This capital expenditure does *not include* the fixed capital on plant, &c., &c., but only the interest upon this fixed capital. It *does include* materials used up in the manufacture, depreciation of

the plant employed, wages, management, and all other business expenses incurred during this time elapsed up to the date of the realisation of the value of the product. As soon as this value is realised the capital so sunk in working costs is once more liberated, to be re-employed in other similar work. It must now be evident that the correct time-divisor to use in the economy coefficient is the time during which this capital so spent, which is succinctly termed "working capital," in sharp contradistinction to "fixed capital," is held up in the work. In other words, it is the "time of turn-over" of the working capital employed. No confusion must be made between this time and that of turn-over of a money value equal to that of the fixed plant, which is an entirely different thing. The essential and fundamentally important distinction between "working capital" and "fixed capital outlay" is that the first is *actually spent* in the manufacture, while the second is only *lent*.

In the case supposed above of a specified machine, this "working capital" is clearly the same thing precisely as the total "cost." The complete divisor is the product of the total cost and of the time during which this total cost, which is spent, is held up as capital, or has to wait before being repaid to the capitalists who have advanced it.

During this time, this working expenditure may have been incurred uniformly from day to day, or in large proportion near the beginning of the whole time spent on the work, or mostly towards the end of it. For a strictly scientific and exact calculation of economy it would be proper to use the *average time* during which the various portions of the spent working capital have been held up. Although in great works the difference between the above three time-distributions of working expenditure is most certainly very influential upon the financial economy of the whole work, and may sometimes make all the difference between nett profit or loss, still for normal manufacturing purposes it seems undesirable to complicate the calculation of the economy coefficient by introducing into its measure this consideration. It seems better to adopt as the normal rule to divide by the whole time spent from first to last upon the work.

The economy coefficient can now be transformed to another shape, convenient for application to trades such as those already mentioned, in which production and realisation of produced value proceed in a steady continuous flow or stream. Divide both the product and the cost by a time—the same time—namely, the unit of time. That is, estimate them as time-rates of production and

of cost expenditure. Then multiply the time-rate of cost expenditure by the "time of turn-over" in order to obtain the whole divisor. This latter product is the working capital permanently held up in the continuous process of manufacture. Taking one year as unit of time, the Commercial Economy Coefficient is thus seen to be expressible as—

$$\frac{\text{Annual Production}}{\text{Working Capital.}}$$

In this form the difficulty is avoided of attempting a measurement or an estimate of the time spent, from first to last, in the manufacture of, say, one hank of spun cotton, or of one pound or one ounce of refined copper, or of one gallon of drinking water, or of one pound or one cubic inch of steam for engine-driving.

These two expressions for the coefficient may be simply symbolised as follows:—

$P_1 \equiv$ each individual product evaluated either in money or other realised value;

$P \equiv$ rate of production per year or per other time unit;

$T \equiv$ time spent in making and realising the value of each individual product P_1

\equiv time of turnover of working capital

\equiv in cases of continuous manufacture of products indivisible into individual wholes whose values are separately realised, total quantity in process of manufacture at any one instant evaluated at its future finished value divided by P ;

$C_1 \equiv$ total cost of each individual product P_1 .

\equiv Working Capital Sunk in maintaining the production at the steady time-rate P .

$C \equiv$ total cost of production per year or per other time unit;

Then the

$$\text{Commercial Economy Coefficient} = \frac{P_1}{C_1 T} = \frac{P}{C T} = \frac{P}{C_1}$$

In the first form C_1 is the total cost of P_1 ; in the second P and C relate to the same time unit; in the third C_1 is the working capital continuously in employment.

If a manufacturer succeeds in doubling the value of his annual output P without increase of the working capital employed in running his business, then the economy of his manufacture is doubled. Or if, without affecting his daily or yearly

output, he diminishes the required working capital, then he increases his economy in like proportion.

It cannot be too strongly insisted on that working capital does not include fixed capital outlay. It includes the reserve capital spent, or put aside to be spent, upon maintenance, repairs, and depreciation of the plant employed, and for the payment of interest on fixed capital: that is the extent to which capital outlay on plant and buildings and other fixed value is involved in this measure of economy.

In favour of this measure of economy it may be mentioned that it has not been evolved by *a priori* theoretical reasoning, but that it has been practically forced upon the writer of this article as the result of somewhat extensive and detailed investigations into the economic results of various kinds of engineering activity. These have been carried out by him without the guidance afforded by any general theory of economy, such as is embodied in this measure; and it has been by analysis of the actual facts of economy that he has, as he believes, at last extracted this simple formula for a fair and rational estimate of economy, giving due weight to all the essential factors really influencing the economic result.

It remains to demonstrate how this economic measure leads to a clear understanding of the means that may be adopted to better economy, and, in some cases, to determine adjustments such as yield the greatest possible economy. Under specified conditions such as are actually found in industry, this maximisation of economy is in most cases theoretically possible, and a more or less close approximation to it is often easy. In fact, it is not quite proper to speak of the practicability of such an approximation. When close approximation to the "theoretical" maximisation is not practicable, this is always the fault of the theory in not taking account of all the actually influential conditions. The above theory of economy is perfectly general, and is, in its generality, perfectly simple. But when one comes to its application to various industrial problems, then the insertion of the technical conditions transforms it into a more or less complicated formula. In order to avoid excessive complication, only the main dominating factors are inserted in the solution; but doing this means introducing minor inaccuracy into the theory, which would be perfectly accurate if all the minor factors were taken account of.

There are three ways of bettering the economy of production: (1) increase of P , (2) decrease of C , and (3) decrease of T .

Sometimes one of these three changes may be effected without alteration in either of the other two factors. But generally this is not so. Any change in the mode or the materials of manufacture, or in its organisation, generally affects all three. An increase of P is generally attained at the expense of an increase of C . A decrease of T may be necessarily accomplished only along with an increase of C . The economic problem is to answer the question as to whether the benefit of the advantageous change more than counterbalances the loss involved in the other changes necessarily accompanying it. Speeding up the rate of production is accompanied by unquestionable difficulties and extra costs. Up to what limit is an overbalance of advantage obtained?

If the change be a sudden one not led up to by gradual intermediate steps, there is nothing to do but to estimate the values of $\frac{P}{CT}$ before and after the change, and find which is the greater.

On the other hand, suppose the change is developed gradually and suppose that it affects all three quantities, P , C , and T . The change is due to a development of some one influential item in the industrial working; say, for example, the gradual development of higher steam pressures, or of higher piston speeds in steam-power engineering, or that of higher voltages in electrical power transmission. Whatever kind of thing it be that influences the economy, there are calculable in proportion to its change the concurrent rates of variation of P , C , and T . Call these P^1 , C^1 , and T^1 . Then an elementary application of the differential calculus shows that—

$$\frac{\text{Rate of Variation of Economy Coefficient}}{\text{Economy Coefficient}} = \frac{P^1}{P} - \frac{C^1}{C} - \frac{T^1}{T};$$

that is, the percentage increase of economy coefficient equals the percentage increase of P , minus the sum of the percentage increases of C and of T . So long as the ratio of increase of P exceeds the sum of those of increase of C and of T , the economy increases along with this development; but if the latter sum exceeds the ratio of increase of the value of the output, then the development lowers the economy.

In almost all such development through a long range from one to the other extreme of working condition, there is first an increase of economy and at the other end a decrease. Innumerable illustrations of this could be given if space permitted; but the general reason why this is the common law is that both *extremes* are practically useless. Five lbs. in.² steam pressure,

or 2 volts E.M.F., are far outside the range of practical utility in the generation and transmission of large powers; and 1,000 lbs./in.² and 200,000 volts are equally so. If the development be gradual and continuous throughout the range, then at one part of it the increase of economy turns to decrease, and it is here that maximum economy is found. At this place the rate of variation of the economy is zero; and the

$$\text{Criterion for Maximum Economy is } \frac{P^1}{P} = \frac{C^1}{C} + \frac{T^1}{T}.$$

The application of this law to practice is very various, but it is always of great importance. It cannot be correctly applied without a thoroughly clear understanding of the practical commercial conditions of each problem that arises. It is very common for practical men to mistake altogether the conditions of the problem they are trying to solve by help of mathematics; with the result that they solve the wrong problem, and arrive at calculated adjustments which are not in the least degree applicable, their mathematics being, in fact, wholly irrelevant. For instance, a common condition is that the quantity of product is specified and definite, the problem being to find how it can be supplied at least cost. Here P is mathematically a constant, and $P^1 = 0$. And yet P being a function of the variable, its differential coefficient with respect to that variable is often calculated and entered in the equation as P^1 . The mistake consists in not recognising that P , under such conditions, changes with more than one variable, and that the condition $P^1 = 0$ imposes a specific relation between the permissible changes in these two variables. In other circumstances the economic problem may be to find how large a development of P yields maximum economy under the condition that C or some other quantity on which C depends, such as one part of C , perhaps that due to capital outlay, does not change. Such different conditions yield wholly different values of P^1 , C^1 , and T^1 ; and any one of these may possibly be zero.

There is space here for stating, merely in general outline, only three very interesting laws connecting commercial economy with physical efficiency. It must be common knowledge with all who have given any careful consideration to economic problems, that physical efficiency ought to be sacrificed in some degree to attain greater commercial economy. Are there any general laws showing the proper limits to which such sacrifice of efficiency should be pushed?

Call the extra realisable value per unit of extra production

p , and assume that the increasing total value of the product follows throughout a useful range a straight-line law, namely, $(P_0 + pP)$. Here P is taken as a quantity of output without regard to its value, and the multiplication by p gives it this value. The lower limit of the range to which this law may be rationally applied is stated below. The ratio of P to the quantity of raw material used up in producing P is a fair measure of the efficiency of the manufacture. The phrase "raw material" is used here in a very comprehensive sense: it may mean, for instance, energy supplied to be converted to another more valuable form of energy P . Call the efficiency e , so that the quantity of raw material without regard to its cost is $\frac{P}{e}$. The working costs, exclusive of charges for fixed capital, may be taken as varying with this quantity according to a straight-line law, say $(C_0 + \frac{cP}{e})$. The capital charges do not vary with the efficiency according to so simple a law. Per unit of output a smaller and less expensive plant is required the less is the efficiency demanded. The capital charges may be taken as equal to $(K_0 + kPE)$, where K_0 and k are constants, and E is a function of the efficiency which differs in form in different kinds of plant, but which always increases along with increase of the efficiency demanded. The variation of E in proportion to that of e is called E^1 . E^1 is necessarily positive, except in very exceptional cases.

Using these symbols,

$$\text{Total Cost} = (K_0 + C_0) + P(kE + \frac{c}{e})$$

and

$$\text{Nett Revenue} = (P_0 - K_0 - C_0) + P(p - kE - \frac{c}{e}).$$

Now if the problem be to find what combination of size of plant and efficiency of plant will give minimum cost for a given specified output P , then in the formula for total cost K_0 , C_0 , and P are constants; and the required minimum cost coincides with the minimum value of

$$(kE + \frac{c}{e}).$$

This is easily shown to require the adjustment

$$e^2 E^1 = \frac{c}{k}.$$

This is an equation giving the most commercially economic effi-

ciency in terms of the ratio of the extra cost per unit of extra raw material to the extra capital charges per extra unit of PE . This adjustment does not involve either p or P .

Again, if the problem be to find the rate of working a given specified plant so as to make it yield maximum nett revenue, then in the formula for nett revenue P_0 , K_0 , C_0 , and PkE are constants; and the desired maximum nett revenue is secured by the adjustment of

$$P\left(p' - \frac{c}{e}\right)$$

to a maximum. It is easy to prove that this adjustment is expressed by the equation

$$\frac{e^1/e}{P^1/P} = 1 - \frac{p}{c}e.$$

This adjustment is, of course, independent of the capital-charges-constant k , since there is here no variation of size of plant in question, and therefore no variation of capital charges. The adjustment depends on the ratio of the extra value per unit of extra production to the extra cost per unit of raw material used up.

If the problem be proposed to find what adjustments give maximum economy coefficient or maximum ratio of produced value to total cost; then the solution depends upon whether the output P be specified as fixed, or the capital outlay and capital charges, *i.e.*, the size of plant, be specified as fixed. In the first case the solution is the same as above for minimum total cost of given output, namely, $e^2E^1 = \frac{c}{k}$. But if the size of plant be fixed, then the adjustment is more difficult and complex to calculate. It is expressed by the equation

$$\frac{e^1/e}{P^1/P} = \frac{1 - \frac{Q}{P_0} \frac{p}{c} e}{1 + \frac{P}{P_0} p}$$

in which Q stands for $\{C_0 + K_0 + kPE\}$.

In all these adjustments for maximum commercial economy under various conditions, the efficiency is less than the physically possible maximum efficiency, and it has been assumed that there is no variation of the time of turn-over. Throughout all the above, these straight-line laws and their results must be applied

throughout a limited range only. The lower limit of the range to which they are rationally applicable must lie at least above

$$P \neq \frac{K_0 + C_0 - P_0}{p - kE - \frac{c}{e}}$$

because this is the limit below which they make the total cost greater than the value of the product, or the nett revenue zero.

In dealing with economic problems graphic methods are extremely valuable. They give a clear and easy conception of how results and their causes vary together. But perhaps their greatest virtue lies in this, that complex variations, often too difficult for solution by means of ordinary algebra or calculus, are easily dealt with graphically: their graphic treatment offers hardly any greater difficulty than does that of simple variations. Even "transcendental" equations are often easily soluble by graphic methods. Thus in solving these problems graphically there is little or no temptation to be content with approximations, such as straight-line laws; and there is no technical subject in which approximations of this sort are more apt in special cases to make very material differences in the results obtained. This is so especially in determining adjustments to give maximum economy. There is quite a variety of graphic constructions for the solution of the problem of maximisation of economy, each better suited for application to its own class of technical problem. All of them, however, are based upon the general principle stated in the equation given above, namely—

$$\frac{P^1}{P} = \frac{C^1}{C} + \frac{T^1}{T}.$$

It is not at all desirable to strain after minute accuracy in such solutions, and this for two reasons. Firstly, it is of the essence of such investigations that the data have among them figures which cannot be known with exactitude because their true values vary from day to day. Secondly, at the limit at which any quantity reaches its maximum its variation is zero, and from this it follows that a displacement of the adjustment in either direction through a small range makes no material alteration in the quantity which it is desired to maximise. This fact gives a flexibility to the solution which is often valuable in enabling allowance to be made for minor influences which have been neglected in working out the result.

ROBERT H. SMITH

RECENT SCHEMES FOR RATING URBAN LAND VALUES.

SCHEMES for imposing a special rate on urban site values were discussed by the present writer in an article which was published in the December number of the *ECONOMIC JOURNAL* for the year 1900, before the appearance of the final report made by the Royal Commission on Local Taxation. With the aid of criteria established in that article it is proposed now to advert to the Majority Report of the Commission so far as it relates to the "rating of land values,"¹ to the "Separate Report on urban rating and site values," by a minority published in the same Blue-book,² and to the Bills deriving from that separate report which have been laid before Parliament.³

As shown in the article mentioned, the incidence of a rate on urban site values involves the composition of two laws relating respectively to the taxation of rent proper and that of "quasi-rent." The first law alone is operative in those cases to which J. S. Mill's doctrine of the unearned increment is applicable. It may be well to reproduce the doctrine in his own words:—"Suppose that there is a kind of income which constantly tends to increase without any exertion or sacrifice on the part of the owners; those owners constituting a class in the community whom the natural course of things progressively enriches consistently with complete passiveness on their own part . . ." such increase of wealth would be a "fit subject of peculiar taxation."⁴

The opponents of a special impost on site values seldom do justice to Mill's doctrine. The Majority of the Local Taxation Commission argue: "Inasmuch as the value of the land is included in the valuation of the rateable hereditament as a whole,

¹ The subject of the ninth chapter in the Majority Report.

² Cd. 638, 1901.

³ In 1902 and the three following years; debated respectively on February 19, 1902, March 27, 1903, March 11, 1904, April 14, 1905. There is a good summary of the Bills in an Appendix to Mr. Wilson Fox's *Rating of Land Values*.

⁴ *Pol. Econ.*, Book V., ch. IV., § 5, and Contents.

ground rents . . . are already taxed."¹ But the contention is that a special, a "peculiar," impost should be laid on certain ground rents. The Majority pronounce against that contention when they say "nor does land differ so essentially from other property as regards the alteration of its value from time to time as to justify its being rated exceptionally."² It is here submitted that a different estimate as to the growth of urban site value is countenanced by such statistics as are available; in particular, the figures for the growth in recent years of ground values in Vienna and Berlin, given in the writings of the *Verein für Socialpolitik*, Vol. xciv. 1901, and other French, Italian, English, and American statistics, well marshalled by Professor Einaudi in his masterly article in the *Riforma Sociale* for August, 1900.³ To these may be added some striking instances adduced⁴ by advocates of Land Values Rating Bills in Parliament. The case seems to be similar to the case for the differential taxation of funded as distinguished from temporary and precarious incomes; a discrimination which was advocated by Mill, and which has been accepted into the financial systems of many countries, including our own so far as the Death Duties are defended on this principle.⁵ It is not a decisive objection against such discrimination, that in the words of the Minority Report,⁶ with reference to the taxation of the unearned increment of rent from urban land, "a consistent application of the principle would be impracticable," that urban land is "not unique in this respect." As Mill says, with reference to the differential taxation of incomes, "It is no objection to this principle that we cannot apply it consistently in all cases. . . . The difficulty of doing perfect justice is no reason against doing as much as we can."

Justice cannot be defined with objective precision. The equitable distribution of fiscal burdens is based by many on the principle of Retribution rather than of Equal (or Least) Sacrifice. They will have it that a special impost on unearned increment from urban land is just, because the possessor has obtained this advantage through the outlay of his fellow-citizens. It may, indeed, be pertinently asked whether landlords are the only class who have indirectly benefited by the improvements which others have made in their own interest; whether the outlay of civic

¹ *Loc. cit.*, pp. 39-40.

² *Ibid.*, p. 45.

³ Referred to in the *ECONOMIC JOURNAL*, 1900, p. 609.

⁴ *E.g.*, by Dr. Macnamara. Hansard, vol. 120, p. 473. March 27, 1903.

⁵ Cf. Bastable, *Public Finance*, Book IV., ch. IX., § 3. "We are thus led to regard the Death Duties as a capitalised income-tax levied only on accumulated wealth, and sparing those comparatively temporary parts of income that result from personal exertion."

⁶ *Loc. cit.*, p. 166.

authorities and fellow-citizens is the only cause which has contributed to the growth of rent.¹ But it is not to be expected that any definition of justice will be free from dialectical objections. We must count as gathering with us those who do not scatter against us. They are to be regarded as following Mill, who in their proposals to tax increment of rent, at least emphasise the circumstance that it is "unearned." Of this type is the remarkable doctrine which Professor Adolph Wagner expressed in a recent address. Supposing a piece of land to have changed hands for 100,000 marks, and in a year or two to be again sold for 150,000 marks, a capital expenditure of 10,000 marks in the way of improvement having been in the meantime made, Professor Wagner thus goes on:—"There remains of the 150,000 marks 40,000: that is the unearned increment [*konjuncturgewinn*]. This 40,000 marks has the owner produced by his own efficiency and labour? No! Has he paid for them? No! . . . This 40,000 marks then is to be drawn on for purposes of taxation [*gilt es zur Besteuerung heranzuziehen*]. You cannot put the rate high enough in my opinion. I would leave something to the owner who has gained under such circumstances, say, 10 per cent., or as such a measure could not yet be carried through, say 50 per cent., or so far as I am concerned, 30 per cent."²

It will be observed that Professor Wagner does not propose to deal in this drastic manner with the original 100,000 marks. It is only the disciples of Henry George who would treat a landowner like a slaveowner,³ whose unhallowed property may be confiscated without compensation. It is not proposed to argue here against this principle; argument about first principles is unavailing. There is postulated a general agreement with the doctrine of unearned increment—as taught by Mill, not as caricatured by George.

The application of Mill's doctrine would be simple but that the law on which it is based is cut into by another law of incidence. It is not only true that, in the words of Ricardo, "a tax on rent [proper] would fall wholly on landlords," but also that "a partial tax on profits will raise the price of the commodity on which it falls." Now a site-value tax under the prevalent system of urban tenures is apt to fall to some extent on the profits of the businessmen who supply house-accommodation. The prospect of a rise in

¹ Compare Prof. Einaudi's dialectic in the *Riforma Sociale* for September, 1900.

² *Kommunale Steuerfragen* (1904), referred to by R. C. Brooks in the *Political Science Quarterly* for December, 1905.

³ The parallel is expressly drawn in the Eighth Report of the Illinois Labour Bureau.

the value of house property encourages the supply of house accommodation; the prospect of an additional impost, however named, to be levied in the future on those who in the present are making efforts and sacrifices in the way of production tends to discourage that supply.

It may be objected that the prospect is too remote to affect present action; and it has been admitted that the producer of a house will not be so much affected by the prospect of taxation extending over a series of future years as the producer of a hat—Ricardo's favourite instance—is affected by an ordinary tax.¹ Full allowance being made for this difference, a considerable effect in the way of increased burden to the consumer must still be attributed to the prospect of diminished profits for the producer. The distance in time to which the outlook of the building *entrepreneur* extends is well illustrated by a form of lease which seems to be not unknown in Chicago, in which the future increase in the value of the property is the subject of stipulation. Here is a specimen: ² the lease of a certain plot of ground for ninety-eight years and eleven months from June, 1894. The lessee is to construct a first-class building thereon by May 1st, 1895. He is to pay up to April 30th, 1895, \$5,000, and afterwards annual rents as follows:—

	\$
For nine years	12,000
For next ten years	15,000
For next ten years	17,000
For next ten years	20,000
For remaining fifty-nine years	25,000

The prospect of future increment is evidently not indifferent to the lessee. *Primâ facie*, if the Government exacted from that *entrepreneur*, under the title of site value, a sum in excess of that surplus which he can afford to hand to the ground landlord, the supply of house accommodation would be restricted.

No! it may be objected, all that will happen is that the rent of the ground landlord will be *pro tanto* diminished. Fine issues are here raised. Let us approach the question by first considering a rate of the ordinary kind *ad valorem* on the rent payable by the occupier. This impost, if levied on the building owner, would not be thrown by him altogether on the ground landlord, as some high authorities have conceived, but in part at least, and very possibly altogether, on the occupier.³ Now when we sub-

¹ Cf. *ECONOMIC JOURNAL*, Vol. X., pp. 510-511.

² Taken from the aforesaid report of the Illinois Labour Bureau.

³ *ECONOMIC JOURNAL*, VII., p. 66 and context; X., p. 340 and context.

stitute for this kind of impost that reduction of profits which may be apprehended from a site-value tax levied on the building owners, is the case materially different? The answer of pure theory is, yes. There is in the abstract all the difference between a tax on a margin and a tax on a surplus.¹ But the theory is seldom applicable in all its purity to concrete circumstances. There is not usually a practical difference of first importance between a specific tax and a tax by way of licence. To be sure, there is usually absent a condition which is apt to be present in the case now under consideration—namely, the existence of land for which there is no other use at all comparable in profitableness with the production of that commodity on the producer of which it is proposed to levy an impost. But this condition is not always present in the case under consideration. Suppose the Chicago builder above instanced to foresee that in the first three periods in which he had been ready to give the ground landlord 12,000, 15,000, and 17,000 dollars per annum respectively, he would in consequence of the new impost be exposed to an exaction of 50 per cent. more in each of those periods; will not his enterprise be damped? He cannot withhold from the ground landlord more than he was prepared to offer him; the prospect of a charge on profits which cannot thus be recouped tends to check building enterprise. Moreover, it is doubtful how far a rate on site value of the kind proposed is to be regarded as a tax on surplus. Suppose that transactions by which the building owner raises money on the security of the premises are hampered by the prospect that the interest payable in return for those advances will be in the future pursued with a so-called site-value tax, even into the hands of the creditor. Lenders would insist on more onerous terms, and the extension of the *entrepreneur's* operations would be checked; the effect of the impost would then be of that *marginal* kind which, as we have seen, restricts the application of building capital, and imposes a burden on the consumer of house-accommodation.

Altogether, the case may be compared, in respect of the uncertainty of its incidence, to a customs duty. The incidence of such a duty is not the same as that of a duty on home-made articles. Theory admits that a part of the tax may fall on the foreigner. But only reckless and ignorant politicians act upon the supposition that all the tax is always borne by the foreigner.

The neglect of the burden repercussively imposed on the occupier is the capital error of the schemes criticised in the

¹ See ECONOMIC JOURNAL, VII., p. 57.

former paper; schemes justly described in the Separate Report¹ as "crude and violent," neither "equitable nor workable." The writers of the report honourably abstain from the violent interference with contracts, discerning its tendency to check enterprise. "The proposed violation of contracts would greatly aggravate existing evils by destroying confidence and discouraging building enterprise."²

With regard to the incidence of the proposed imposts, unaccompanied by violence, the writers of the Minority Report perceive clearly enough that foreseen rates of the ordinary kind are apt to be in part thrown on the occupier, even though levied from the building owner.³ But they and the promoters of Bills founded on their report, have not equally realised that a foreseen impost levied from the owner does not lose the property of transference to the occupier, because it is called a rate on site value.

The neglect of this incident exposes to some doubt the Minority's fine reasoning as to the local distribution of the new impost; the consequences thus described by the promoter of a Bill on the lines of the Separate Report:—"The inner ring of the town will move out the outer rings, and the outer rings will push out the population still further outwards."⁴

So far as the proposed rate on site value acts like a tax on rent proper, doubtless, *ceteris paribus*, the taxation by which the enterprise of the builder is checked will be reduced; and since there is most building at the periphery, building there will be most encouraged.

But whereas the new rate is, after a short interval, to fall upon the building owner⁵—that is, the *entrepreneur*, or a party from whom he obtains payment—it is to be expected that the proposed rate will act partly as a tax on profits. To that extent building enterprise will be checked. The check may be expected to be greater at the periphery than the centre; not only absolutely or *in toto*, because there is more building at the periphery, but also per cent. of the outlay, for a reason above indicated, that the foreseen decrement of profits are less capable of being deducted from ground-rents where ground-rents are low, as at the periphery, than where they are large enough to recoup anticipated loss of profits, as at the centre.

Without insisting on this paradoxical consequence, may we not invoke the general presumption against seeking to compass

¹ *Loc. cit.*, pp. 162, 166.

² *Loc. cit.* p. 164.

³ *Loc. cit.*, p. 156.

⁴ Hansard, Vol. 103, p. 483.

⁵ Separate Report, p. 171; and the Bills founded on the Report.

by taxation ulterior objects other than revenue. Disturbance to industry is in general a much more certain consequence than any beneficial result that is proposed. Thus the promoter of a Land Value Rating Bill, after admitting that in his scheme within "the inner ring of the city" "the tax would increase on each property," goes on:—"But even there there would be no hardship on property owners. For they would only have to build better premises and use their land better, and they would not as now be subjected to a higher tax on their enterprise."¹ If it is meant to suggest here, as in other passages, that the new impost would supply a new motive to the owner to use his land better, the deduction appears to be very questionable. If it did not before pay him to replace an old building, it will not pay him any better to do so, because, under the new system, whether he does so or not, he will be placed under the necessity of paying a site-value rate. This and other points of theory here touched upon are elaborately demonstrated by Professor Luigi Einaudi in his *Studi sugli effetti dell' Imposte*,² the most exhaustive and sagacious treatise on the whole subject known to the present writer.

Similar criticisms may be directed against the proposed land value rates in their relation to vacant land. The promoter of such a measure argues,³ "the landlords will come tumbling over one another in their eagerness to sell, and down will come the value of the land to the price at which it ought to be sold—that is, a little above its agricultural value." In this and like passages there seems to be involved a disputable opinion as to the functions of the speculator in land: too low an estimate of his usefulness, too high an estimate of his power to prejudice the consumer. As in other industries—if not quite so much as in other industries⁴—the speculator is useful in finding a market for the article. As Mr. Edward Bond, in a debate on one of the Bills now under consideration, urged, "they had to rely principally, if not entirely, on the efforts of speculative builders and commercial men, who went into the business with a view to getting a fair return for their money."⁵ The discouragement of

¹ Preface to Zimmermann's *Taxation of Land Values* (1905).

² Reviewed in the *Economic Journal*, XIII., p. 237.

³ Preface to Zimmermann's *Taxation of Land Values*.

⁴ Can it be maintained that pure speculation in land unaccompanied with any other productive activity—to "buy to hold and sell at a profit," as the advertisements put it—is attended with all the advantages ascribed by economists (J. S. Mill, for instance, *Pol. Econ.*, Book IV., Ch. II., § 4) to speculation (without monopoly) in a commodity like wheat?

⁵ Hansard, Vol. 108, p. 522.

this necessary middleman would, he thought, not conduce to the result aimed at, "namely, to bring more land into the market," but to the opposite result. As in other industries, the speculator is not so responsible as he appears to be for high prices. Their fundamental cause—the urgent demand for an article of which the quantity in existence is limited—is not created by speculators. We may therefore apply to the above-cited proposals, what is said in the Report (Lord Hobhouse's) of the Local Government and Taxation Committee of the County Council,¹ with respect to certain earlier proposals of similar design. "We doubt first whether it is possible to force the market, as they suggest, by the indirect agency of rates upon land-owners. It is the interest of land-owners to bring their land into profitable occupation as quickly as they can. We doubt secondly whether, if the land market could be artificially forced by a system of rating, it would be found of advantage to landowners."

In what precedes it has been taken for granted that urban land is not monopolised in the sense of being under the control of a single person (individual or corporate). How far this assumption is illegitimate the writer has no means of forming a judgment based on accurate information. He is not much affected by declamations so loose as not to distinguish between monopoly in the sense pertinent to the reasoning, and monopoly in the sense of limited total supply. There is some trustworthy evidence—that of the careful Professor Voigt in a masterly study on the Housing Question in Berlin²—that there at least the complaint against monopoly is not justified. It is to be remembered, too, that the power of large landlords in small towns is checked by the competition which exists with other towns.³

In fine, the interest of monopolists is not always contrary to that of their customers. It is supposed to be, much more often than it is proved to be, in the case of Railways.⁴ In the case of land the frequent allegations that a large rise of price has been obtained by holding up land does not prove that the best use of the land has not been made. If it was the pecuniary interest of the owner to prefer the large deferred rent to the small one, which might have been obtained sooner, it was presumably the pecuniary interest of the municipality also to wait. There is no reason to think that they ought to "discount the future" at a

¹ *Minute of the Proceedings of the London County Council for 1891.*

² *Schriften des Verein für Socialpolitik.* Band XCIV. (1901), p. 233.

³ *Cf. ECONOMIC JOURNAL*, X., p. 501, note.

⁴ See some instances in Mr. Dudley Evans' article on "British Railways and Goods Traffic" in the *ECONOMIC JOURNAL* for 1905.

less provident rate than the capitalist. The delay which is for the fiscal interest of the municipality may be, indeed, but there appears no presumption that it will be, opposed to the interests of the inhabitants. Forcing the market, "forestalling the blighted harvest" of urban land might have led to undesirable jerry-building and other admitted evils.¹

The antithesis between the interests of the owner and the monopolist is most likely to exist when his interest is other than pecuniary, such as affection for amenities. The interposition of the civic authority is doubtless justified in such cases. But surely a tax is a very clumsy method of applying the required control.

To this reasoning may be opposed the experience of foreign and colonial land taxes. And doubtless if the contention were that the adoption of the proposed site rates would be followed by immediate dissolution, that experience would be decisive. But, whereas it is contended only that these rates will act like a protectionist duty, indirectly burdening the citizens whom it purports to benefit, against this contention the short experience of very recent legislation in other countries is not available. Perhaps no experience, however prolonged, would be adequate; as in the argument for Free Trade, we must depend largely upon general reasoning.²

The suggested analogy with Protection will perhaps be accepted by the advocates of site taxation. Admitting that part of the new burden will fall on the occupiers, they may still take up the position that this is a very good way of raising additional rates. The more knowing among the town councillors who advocate the current schemes may employ the common doctrine of unearned increment, or the more refined reasoning of the Separate Report, *ad captandam plebem*, as crafty statesmen have been suspected of recommending a modicum of Protection, not being the dupes of their own argument, but because the people could thus be more easily induced to submit to additional taxation. It is as if in a wine-growing country a new tax, really incident on the wine-bibbing public, was recommended, partly as extracted from the ill-gotten gains accruing to the lords of the vineyards, partly as inducing the wine-dealers to place their

¹ The authors of the Separate Report, p. 175, and some of their followers (*cf.* the able article in the *Independent Review* for 1905) are on their guard against these evils. But still the question recurs whether a tax is the best method of securing just the requisite amount and kind of building.

² As J. S. Mill (*Logic*, Bk. VI.) and Sir Robert Giffen (*Essay on Import and Export Statistics*, Sect. VI.) have *inter alios* pointed out.

goods on the market sooner instead of waiting for an enhanced price.

If nothing more is meant than a change in the point of perception of a tax on the householder, like the change in the taxation of the beer-drinking public when a beer-tax or a licence has been added to or substituted for a malt-tax, then *cadit quæstio*. It may be admitted that a site-value tax unaccompanied by interference with contracts, if not more costly to collect and not more harassing to industry than an ordinary rate, would be no worse than an ordinary rate.¹ Indeed, it would be better for a reason like that which is *pro tanto* available in favour of a customs duty in preference to a duty on a home-made article—namely, that a part of the former *may* fall upon the foreigner. So a part of the site tax may fall where it can be borne with least sacrifice.

But it is evidently not on such grounds, not as an ordinary tax, that the authors of the Separate Report and their followers in Parliament defend their schemes, but *bonâ fide* upon the grounds that have been above examined. Some more or less conscious corroboration is also derived by the Parliamentary advocates from the considerations on which Mill's doctrine of unearned increment rest. It is thus that we interpret the emphasis on striking instances of increased value accruing by mere lapse of time.² It may therefore be proper to inquire whether the new schemes are defensible as being in accordance with Mill's recommendations.

So far, indeed, as the current schemes involve Mill's principle of taxing unearned increments they are defended by the present writer. But the defence on this ground is not so strong as might *primâ facie* appear. The schemes do indeed include taxation of unearned increment as well as other kinds of taxation. But in fiscal science the greater does not always comprehend the less. Compare the working of Mill's principle with the modern form of site-value tax. In the case of premises in the centre of a town when a new lease is created—or the land is otherwise disposed of by the ground-landlord Mill's plan is—with due regard to the interest initially existing—to dock the future receipts of landlords by a substantial percentage, such a percentage as Professor Wagner, in the passage above-quoted, has proposed to take from unearned increment.³ If this plan had been adopted in Mill's time some two millions sterling might now

¹ The conditions presupposed are not very likely to be fulfilled if the plan is adopted under the misconceptions which make it appear, not an ordinarily oppressive, but an extraordinarily equitable tax. (*Cf. ECONOMIC JOURNAL*, X., p. 509.)

² *Cf. above*, p. 67, note 4,

³ *Above*, p. 68,

be flowing into the municipal treasury.¹ But nothing like this could be obtained from the same ground-rents according to the methods now in vogue. Dealing with wheat and tares—earned and unearned increments—promiscuously, as above argued, they could not, under the name of site-tax, impose so drastic an impost, or rather an appropriation. It would be particularly impossible to do so in the case where the value of the cleared site is much greater than that of the site *plus* an existing tenement. Some advocates of new schemes may claim indeed that their schemes will put a stop to that anomaly. But it has been argued above,² that this claim is not admissible. If, as appears to be the general design of these schemes, a site-value rate is to be imposed on the land before it changes hands, to follow it into new hands without breach of continuity, and to be fixed at a constant percentage for a whole country, or at least district, then an operation on anything like the scale contemplated by Mill with respect to newly created ground-rent would be impracticable.

Like remarks apply to the proposed taxation of vacant land. Mill's plan would be to wait till the egg is laid, and then if you like, scoop out all the yoke. The plan of taxing the value of the goose derived from the prospect of future eggs cannot well be so drastic. It will be observed that this objection is distinct from and additional to the more familiar objection already in effect urged, that tampering with the process of capitalistic incubation will diminish the number of eggs available for consumption.

If there is no other general principle but Mill's conducting to a "peculiar" taxation of site-value, the only question is how far is it in practice safe to follow that principle. May we apply to English tenures the regulations which are now proposed in Berlin. "An increment tax shall be levied whenever the present purchase price or the market value [*gemeine wert*] of the real estate exceeds by more than 10 per cent. the price paid at the former change of hands," to which price is to be added expenses for improvements and repairs.³

Or are such inquisitory methods to be deprecated because, in the words of the Majority Report on Local Taxation, they "would bring into existence new inequalities of liability," and, we may add, check supply by harassing enterprise "unless

¹ As argued in the former paper, p. 499 (where there is an obvious misprint of 20,000 for 200,000), and p. 516.

² Above, p. 68.

³ "Berlin's Tax Problem," by Robt. C. Brooks, *Political Science Quarterly*, Dec, 1906,

measures were taken to differentiate not only between district and district, but between property and property—an obligation which in our opinion could not be satisfied by any possible modification of the existing rating machinery.”¹

On this important question the present writer has nothing to add to the considerations summarised in a former article.² Possibly, as in the case of agricultural land in Great Britain, the application of Mill’s principle may seem, under existing conditions, impracticable. Possibly, as in the case of agricultural land in Ireland, after much boggled legislation, long banishment of political economy to Saturn, the treatment ultimately adopted will embody the ideas of Mill.³

F. Y. EDGEWORTH

¹ *Loc. cit.*, p. 44.

² *ECONOMIC JOURNAL*, X., p. 516.

³ See *England and Ireland*, by J. S. Mill, 1868.

REVIEWS

The Growth of English Industry and Commerce during the Early and Middle Ages. By W. CUNNINGHAM, D.D. (4th edition.) Cambridge University Press (1905), p. xxvi., 724.

THE first edition of Dr. Cunningham's economic history of England was published in 1882. It was a small volume, and covered, or rather pegged out, the whole ground from the invasion of the Romans to the repeal of the Corn Laws. The author would now be the most ready to confess that in this volume he had done those things which he ought not to have done, and, still more, left undone those things that he ought to have done. But, unlike too many miserable sinners of authors, he showed that there was life in him, and year after year, in lectures, occasional writings, and enlarged and revised editions, he changed the whole work in form and substance. The large volume under review is now the first of three, and to understand properly the labour involved in deletion and completion the reader should turn to the earlier work. That work, however, with all its faults, had one great merit. It was written in such a way and with such guiding ideas as to be capable of expansion and growth; it was never intended to be stereotyped; and it was a beginning in the way of meeting the wants of those who were learning or teaching economic history in the early 'eighties. As one who felt such wants, both as learner and teacher, the present writer returns thanks to Dr. Cunningham for the great satisfaction afforded by his labours.

This first volume is in some respects the strongest and in some the weakest of the three. And to avoid the risk of appreciation seeming to degenerate into mere flattery, some of the shortcomings may be noticed in the first place. The period labelled Early History is on the whole least satisfactory, though there are some notable chapters (*e.g.*, chapter v. on the Danes, and chapter vi. *b.* on early units of measurement). Dr. Cunningham still retains in its main outlines the traditional view of the influence, or rather

want of influence, of the Roman occupation on the development of the nation. He has, it is true, accepted and incorporated important fragments of Seebohm's work, and he is a competent critic of the literature to which the *English Village Community* has given rise. He has inserted a copy of Seebohm's celebrated map of a virgate, and the frontispiece is a very good photograph of an open field with balks.

But by rejecting the main argument and the leading ideas he has lost—even if we take the lowest ground—a most effective hypothesis for presenting in an ordered manner the effects in the pre-Saxon period of successive waves of conquest and immigration on the economic structure. According to the traditional view the Roman civilisation in England was practically swept away and the Romanised Britons were driven westwards or exterminated by the Saxon invader. On this view any apparent survivals of Roman influences in the form of law or religion are to be ascribed to the reintroduction by the Church at later periods; the Roman occupation was a mere incident—an incident, by the way, extending over four centuries—and the only Roman survivals of importance were the roads and bridges and the ruins of the cities. If the Roman civilisation was obliterated still less important, on this view, must have been any survivals of the tribes whom the Romans conquered. Accordingly, we are not surprised that Dr. Cunningham, whose work, as the very title implies, is based on the idea of growth and continuity of change, should begin his history with the English in Frisia, and proceed forthwith to the conquest of England by the English. On this plan what might have been two most interesting chapters (or books) have remained unwritten. The first would have brought up to date the work of Elton on the *Origins of English History*, and given an account of the economy of the tribes which occupied Britain before the invasion of the Romans. In the second chapter (or book) an inquiry would have been made into the economic aspects of the Roman occupation, not only as regards the origin of the manor, the cultivation of land, and similar topics which Seebohm's inquiry has made popular, but as regards other economic elements which still lie buried, so far as the economist is concerned, in the books of the antiquaries (*e.g.*, Thomas Wright). For both chapters there is now an abundance of material available, and, in both, subjects of the greatest economic interest are involved. And it must be confessed that the reasons given for beginning with the English in Frisia, and not with the pre-Roman and Romanised Britons in England, are neither new nor strong. On p. 108 we are told that

the proof of the destruction has already been given, but when we turn back (p. 60) all that we find is that there is no inherent improbability in the story of destruction and devastation recounted by Bede, Gildas and Nennius, and a little earlier (p. 56) descriptive passages from Bede are quoted. Bede, however, was not born till 672 A.D., and Dr. Cunningham's date for the withdrawal of the Romans is 410 A.D. For the most part, Bede relied on popular traditions and on the rhetorical effusion of Gildas, whose story, we were assured years ago by a very competent authority, is built on some slight notes in an old Continental chronicler, and displays the most profound ignorance of the period to which it relates.

It is true that Dr. Cunningham rests his argument also on the alleged facts that the Latin language and the Christian religion apparently disappeared with the Roman legions. But according to the usual Roman policy of amalgamation and subjugation, the Roman soldiers in a distant province were drawn from all parts of the Empire—and the inscriptions in Britain show that this was the case—and *parcere subjectis* was their golden rule. It is, then, quite possible that in Britain under the Romans, although Latin was the official language, it was not the language in general use throughout the country. It is probable that Teutonic tribes, as Kemble and other authorities have maintained, had made permanent settlements in Britain before the Roman occupation, and it is quite possible that there was as much "English" as "Latin" spoken in "Celtic" England before the arrival of the Saxons, though the English was not the English of Frisia any more than the Latin was the Latin of Rome. In the same way the significance of the disappearance of Christianity depends a good deal on the degree and the extent of the Christianisation of Britain, which again opens up a wide controversy. Perhaps Dr. Cunningham may, on some future occasion, give us an additional preliminary volume dealing with England before the Saxon invasions.

The materials for the economic history of Saxon England are so scanty, and the period is so interesting, that any omission of importance is a matter for regret. The Saxon land charters are amongst the most interesting documents in English history, and the work of Earle has made them so accessible and intelligible that one would naturally expect greater prominence to be given to them than is done by Dr. Cunningham. One of the best features of his work, as a whole, is the introduction, alike in text, notes, and appendices, of specimens of the original sources, and as the Saxon charters are very brief a typical specimen might easily have

been inserted in Appendix B, or preferably in the text, and the pertinent explanation would have been most instructive to the student in many ways. The land charter is undoubtedly a great landmark in history.

In the book entitled *Feudalism* the period is made to extend from 1066 to 1272. The dates are chosen in accordance with the author's usual method of fixing on some event of political importance. The first date is, of course, of unquestionable significance in economic as in other history, but in a book dealing with feudalism it would appear better to include the whole of the famous thirteenth century. The reason is that in the last quarter we have three of the most important statutes affecting feudal land—*Mortmain* (1279), *De donis conditionalibus* (1285), and *Quia Emptores* (1290). And here it may be said that the side of feudalism, which is so admirably presented to the lay reader in Sir Frederick Pollock's book on the English Land Laws, hardly receives sufficient attention, especially considering that this part of the feudal system had the most enduring effects, reaching down to our own times. In the same way, in spite of the attention bestowed on the mediæval Church, there are omissions which are the more remarkable seeing that Dr. Cunningham has made a special study of this part of his subject, as shown long ago by his admirable monograph on *Usury*. To take one example, the rise and decay of the four orders of Friars throws great light on the social condition of the people and on the economic evils which were the principal causes of the Reformation.

It must be admitted, however, that as regards the early history, if Dr. Cunningham errs, he errs in good company, and *inter alios* Dr. Vinogradoff in his latest work on the *Growth of the Manor* has given the strongest case yet presented of the traditional view. And again, as regards the omissions, in such a vast subject the author must be the final judge in the selection of material, and the present reviewer may be inclined to lay too much stress on topics which he has found of peculiar interest. When all is said, one of the greatest merits of Dr. Cunningham's work is the strong grasp of dominant movements from age to age, and the sound sense of proportion in the presentation of the leading events and institutions. For this reason the work may be read with great advantage by the student of general and of constitutional history. And, indeed, by a curious paradox under present conditions, if anyone needs to be reminded of the value of mediæval economic history it is rather the economist than the general or constitutional historian. The modern tendency in general history is rather to

overrate the elemental economic forces and to underrate the influence of great personages and of particular political powers and authorities. Against such an attitude Dr. Cunningham has written some vigorous passages; and he has confirmed his reasonings by excellent examples, as in the estimate of the influence of the character of the Norman kings. This breadth of view, which is maintained throughout, has another great advantage: the writer never uses his history simply to illustrate pre-conceived opinions: there is neither suppression nor over-emphasis; and, after all, the great tendencies stand out all the more clearly when contrasted with a mass of variations and irregularities. As we read we feel that we are reconstructing fragments of actual life, and not merely tracing the growth of economic ideas (though this, too, is admirably done), or observing the general trend of economic progress (though this again is one of the dominant ideas of the work). It is the fashion of the moment, in some quarters, to suppose that the modern economist has nothing to learn from the mediæval period. It is surely forgotten that even in the British Empire (not to mention the Russian and Chinese) there are vast populations, which, except as regards some of its material aids to production or transport, have not adapted the economics of modern civilisation; and it is forgotten also that to appreciate the real meaning of modern institutions we must trace their gradual development—that is the one element of truth to be drawn from the analogies of biology. The keynote of economic progress in the mediæval period is the growth of the money power; it was the abuse of the money power that destroyed the mediæval church—the greatest of corporations—the most gigantic of monopolies; it was the use of that power which emancipated the English villein and laid the foundations of English commerce and manufactures. Maine's general formula of progress from status to contract finds its economic counterpart in the substitution of a money for a natural economy, and for the greater part of economic history this may be taken as the best guide. It is interesting to notice how this idea has become more and more dominant in Dr. Cunningham's work as he has incorporated year by year the results of his labours. To understand the uses and the abuses of the money power in modern states it is necessary to supplement the analytical method by the historical; and the historical method cannot be used with benefit without descending to detail. A broad description of tendencies at its best never gets beyond the deductive method with illustrations. This is in effect the moral of the essay which forms an

admirable introduction to the whole work. In this chapter exception may be taken to the distribution of emphasis in certain particulars—as in the interaction of economics and politics—but all will admit that the argument is presented, alike in style and substance, in the most forcible and at the same time judicial manner. It is unfortunately impossible, in the limits of space imposed on a review in this JOURNAL, to indicate more fully the immense labour and the keen historical insight displayed in this work; but fortunately it is no longer necessary. By common consent Dr. Cunningham is recognised as the leading authority on his subject. It only remains to add that in this edition there are numerous minor improvements, but for the student perhaps the greatest is the very full analysis which is given as a table of contents.

J. SHIELD NICHOLSON.

Lectures on the Relation between Law and Public Opinion in England during the Nineteenth Century. By A. V. DICEY, K.C. (London: Macmillan & Co., Limited, 1905.)

It is safe to say that only one man in England could have written this book. In form it consists of a course of lectures, originally delivered to an American audience; and on every page it gives proof of these qualities—insight and originality in conception, and luminous clearness in exposition—which entitle Mr. Dicey's work on the Constitution to rank as a legal classic. In the hands of a master of style, the rise, the triumph, and the decline of Benthamite Liberalism are as interesting as the story of Napoleon's campaigns.

Bentham is certainly to be counted among our great men: he suggested and inspired a long series of improvements in the laws of his own country. But when Mr. Dicey asks us to accept him as "the first and greatest of legal philosophers," I cannot help feeling that the panegyric is over-strained. His qualifications for the task which he imposed upon himself were, after all, mainly negative. He led the way in correcting abuses, by virtue of his total want of respect for fictions and fallacies which were taken for granted by more learned men. On the constructive side, Bentham never rose very much above the level of the Panopticon. His model Codes are waste paper; and his theory of morals and legislation only survives because it was re-stated by John Mill, with concessions which the founder of Utilitarianism would have rejected and condemned. Like Ricardo's theory of rent, the

system of Jeremy Bentham reposes on statements of fact which he has not taken the trouble to verify. Thus, for example, the statement that "every person is in the main, and as a general rule, the best judge of his own happiness" is neither historically nor statistically true. The world in which we live is a world of men who drink beer which they do not really enjoy, and push themselves into positions for which they are obviously unfit. Mr. Dicey tells us that the proposition quoted, though not an essential part of Utilitarianism, "was practically the most vital part of Bentham's legislative doctrine." It was vital, because it appealed to the average Englishman's confidence in his own judgment; but ethically it was quite erroneous. Bentham assumed that a society in which each man should be free to pursue his own interest would be orderly and progressive. The historical fact is, that self-control and self-sacrifice are the forces which move the world. States and Churches succeed, not in proportion to the benefits which they confer, but rather in proportion to the service and the sacrifice which they demand. If the "calculus of pleasures and pains" were adopted by working people as the guide of their actions, society would be neither orderly nor progressive; appetite, not intelligence, would be the moving principle.

The turning-point of Mr. Dicey's narrative is reached in the ninth of these lectures, where he has to indicate the growing popularity of "collectivism," and the causes to which this change of opinion is to be ascribed. Nothing could be better than the fairness with which he weighs the doctrines of conflicting schools, and the discrimination which he shows in selecting his illustrative quotations. If we are to understand how the individualist Liberalism of one generation was superseded by the collectivist sympathies of another, we must turn from the details of legislation to the general literature of the period; and even theology must be laid under contribution. In studying the religious history of Maurice or Newman, we see that Evangelical Protestantism, which incited the individual to secure his own personal salvation, failed to satisfy the best Evangelical minds: there were visions of a more perfect society in which the individual realises himself as a subject of the State, a member of the true Church. Material progress is not always favourable to clearness of thought; but improvements in the mechanism of industry meant, among other things, more open communication between class and class, province and province, country and country. The individualism of Bentham and Adam Smith made its appeal to traders and workmen whose horizon did not extend beyond their own towns; in

the nineteenth century traders and workmen learned to trace their prosperity or their difficulties to general causes, and they learned this not from books, but from experience. It is Mr. Dicey's chosen task to map out for us the currents, counter-currents, and cross-currents of opinion; but the opinions of men are very largely determined by their instinctive actions. Improvements in machinery made industry on the great scale not only possible, but necessary: when practical men began to understand this, their outlook was widened; they began instinctively to take an interest in the co-operative and competitive efforts of those who were doing the same work as themselves, whether at home or abroad. Hence the socialist and imperialist reaction of which Mr. Chamberlain has been so active an exponent.

Mr. Dicey has devoted an interesting chapter to what he calls Judicial Legislation—a phrase which the judges will not allow to pass without criticism. The late Lord Watson would not hear of “judge-made law”; he had, as he said, no power to lay down any rule, unless he had authority for it. Even epoch-making decisions, such as that in the Taff Vale case, are founded on a careful examination of the history of the law. If we carry the historical inquiry far enough back, we shall find that the law of contract, for example, has its origin, not in the judge's intention to make law, but rather in the usages of men accustomed to trade with one another, and intelligent enough to see the advantage of trading honestly. But, as Mr. Dicey points out, what was implicit in usage or common sense becomes explicit in the recorded judgment, and this is legislation of a kind.

It is impossible, within the limits of a notice, to give any account of a book so full of matter, but no exhaustive description is required: every lawyer or economist will read the book for himself; and it needs no interpreter.

T. RALEIGH

Riches and Poverty. By L. G. CHIOZZA MONEY. (London: Methuen & Co. 1905. 8vo. xx. + 338 pp. 5s. net.)

“THE aggregate income of the 43,000,000 people of the United Kingdom is approximately £1,710,000,000; 1½ million persons take £585,000,000; 3¼ million persons take £245,000,000; 38 million persons take £850,000,000.”

These are the striking words which Mr. Chiozza Money places at the foot of the frontispiece of his work, and which may be regarded as his text. Are they true? It is not an easy question.

The £1,710,000,000 is obtained by taking the net income which appears in the income-tax returns as income of persons with over £160, adding £100,000,000 for income which should come under the collector's eye but does not, and estimating the income of the class below the income-tax level at £880,000,000. Then the difficulty is to discover how many income-tax payers there are, and how the £830,000,000 which they are said to enjoy is divided among them. The Inland Revenue Commissioners tell us that in 1903-4 there were 702,000 valid claims for abatement, so that there must have been at least that number of persons with from £160 to £700 a year. Unfortunately the Commissioners do not tell us what the aggregate income of the 702,000 persons was. It cannot be as much as £295,800,000, and it cannot be as little as £142,600,000. Mr. Money puts it at £230,750,000, which is excessive, as it is based upon the unlikely supposition that the average incomes of the three grades—£700 to £600, £600 to £500, and £500 to £400—are £650, £550, and £450; and on the still more improbable supposition that the average income between £160 and £400 is £300. As incomes decrease in number the higher we go, it seems obvious that the average income of each class must be much below the half-way point. If we take the averages at £635, £535, £435, and £200, we get a total of only £168,225,000. To this we have to add an altogether conjectural amount of income owned by persons who are too ignorant or lazy to claim the abatement to which they are entitled, and another equally conjectural amount for incomes between £160 and £700 which manage to evade taxation altogether. Mr. Money supposes these incomes to number only 48,000 and to amount to only £14,400,000. Probably this estimate is too low, but owing to the reduction suggested for the amount of the actually "abated" incomes, we can raise it sixty-two millions without getting above Mr. Money's total of £244,750,000 for the whole of the income between £160 and £700. Then we are left with the astonishing result that an income of £585,000,000 is apparently left for the class with over £700 a year—a class which certainly makes a big show in the world, but which cannot be very numerous. To get at the number of individuals composing it, Mr. Money takes the number of private dwelling-houses, and assumes that there is one income of over £700 to every house rented at over £60 in London and over £50 in the rest of the country. This gives him a total of 258,000, and (he does not mention this fact) makes the average income of the class £2,267.

I find it difficult to believe that there are as many as 258,000

persons with over £700 a year. If there are as many, the abatement returns are more inadequate than I have supposed them. According to those returns there are :—

697,000	persons with incomes between	£160 and	£400		
53,000	„	„	„	£400	„ £500
29,000	„	„	„	£500	„ £600
13,000	„	„	„	£600	„ £700

Now let anyone try to continue this table onward among the higher incomes, putting, as he must, a diminishing number of persons opposite each £100 of income. I think he will be astonished at the difficulty of getting any large number into his table, even if he supposes the 53,000, 29,000, and 13,000 to be considerably below the truth. If there are 258,000 incomes and their average is £2,267, there should surely be more than 200,000 between £700 and £2,000. But is it possible that this class is actually equal to one-third of the class with between £160 and £400, to say nothing of the comparison with the £400 to £700 classes, in which there is doubtless much more failure to claim the abatements?

If we reduce the number of persons with over £700, as we can very easily do by slightly altering our rent limit, and leave the total income at £585,000,000, we shall make the average income still higher than the £2,267 at which Mr. Money places it, and that seems already too high. We are thus led to question the £585,000,000. This may be reduced in two ways, first by increasing the amount of incomes within the abatement limits, and secondly by reducing the estimate of £830,000,000 for the total income-tax income. But we have already added about 45 per cent. to the abatement returns, so that we can scarcely expect much help from the first expedient, and are driven to the second. Here we may notice, in the first place, that Mr. Money has not excluded £15,000,000 profits received by local authorities; if this is included, why not also include the profits of the Post Office? I do not think such profits can be conveniently treated as part of the income of individuals, and if they could, it would be wrong to assume that they all go to people with over £700 a year. On the other hand, the income-tax estimate of farmers' incomes, which Mr. Money accepts very innocently, at one-third of the rent they pay, is probably much too low. Mr. Money rather naively imagines it to be, if anything, over the truth, because the average income of the very few farmers who are not satisfied with it and

claim to be assessed under Schedule D on their actual profits is very small. But this is obviously quite fallacious. The farmers who find it worth while to be taxed under Schedule D of course consist entirely of those who have not reached the one-third standard, and very largely, no doubt, of those who have made losses. The facts that the number is very small and that it fell off largely when the standard was reduced from one-half to one-third, shows that the one-third is a very lenient assumption. From this head, then, we get something to set against the deduction for local authorities' profits, and thus we make little progress in reducing the total. We can only fall back on the suggestion that, owing to the separation of schedules and other technicalities, it is possible that income-tax is collected on some receipts which are not income at all, and on large portions of real net income twice over. Everyone knows that this is to some extent true, but it seems impossible with our present information to estimate what it amounts to. Meantime, it must be allowed that Mr. Money's figures hold the field, and those who dislike the reflections which they suggest should endeavour to refute them if they are not prepared to accept them.

The same thing may be said of the figures which Mr. Money puts forward as to the distribution of that portion of the total income which is derived from property. He assumes that property comes under death-duties once in thirty years on the average, so that the total property in the hands of the living in any one class will be thirty times the amount held by individuals who die in that class in one year. There is some ground for thinking that this method will exaggerate the amount of property held by the wealthier class, since it is the rule that a very rich man is never so rich as when he dies. His property is continually increasing during his lifetime. Now, supposing we were told that crowns passed on the average once in thirty years, and that on the average one coronation took place every year, we should be justified in concluding that there were thirty kings at any one time. But if the custom was for each king to increase the gold in his crown by a certain percentage every year, we should not be able to arrive at the average weight of the crowns of the living sovereigns by simply multiplying by thirty the average weight of the crowns of those dying. That would clearly bring out a figure considerably too high. Mr. Money, therefore, probably exaggerates the inequality when he arrives at the conclusion that 117,030 persons, who, with their families, constitute about one-seventieth of the population, own much more than half the property. Still, the

inequality is enormous, and much more than the complacent admirers of the present will like to admit.

On the important question whether the inequality is increasing or decreasing, Mr. Money has little to say. In Chapter IX. he falls into the curious error of comparing variation of wages *per capita* with variation of the absolute total of profits. I have often protested unavailingly against the traditional practice of comparing variations of wages *per capita* with variations of profits per cent., as if the comparison could show something about the distribution of the community's income, but I doubt if Mr. Money's method is much better. If he wants to talk about "the proportion of the national income taken by labour" and the "proportion taken by capital," he should obviously compare aggregates and not rates. The aggregate taken by labour is affected by the growth of population and by the distribution of the workers between well-paid and ill-paid occupations, as well as by variations in the rate of wages for particular kinds of work. Probably Mr. Money's contention that the proportion received by labour was less in 1903 than in 1893 is correct, but this is a very short and surely, we may hope, abnormal period, when the supply of new capital was abruptly stopped by human passions flaring into destructive war. It still remains to be shown whether the present general tendency is towards giving labour or capital a larger proportion of the produce.

To those who believe land-value taxation to be a panacea, Mr. Money very usefully points out that agricultural and urban land together in the United Kingdom is only worth a trumpery hundred millions a year.

He has got the root of the matter also as to the so-called "incidence" of rates. He sees that the price of gas influences the value of property in different localities just in the same way as the price of dust-disposal or sewerage, but naturally declines to say that London landowners north of the Thames therefore "pay" the extra amount charged to the householder over that paid on the south side.

"Contracts as to the use or sale of land and the property affixed thereto have been made between man and man with full knowledge of the existence of rates. While, therefore, it is perfectly true that, but for the existence of local levies, the owners of the soil would be receiving a higher tribute than is actually the case, it is straining the meaning of language to say that they pay the rates or that the rates are an actual burden upon them."

They are a burden in the same sense as the marshiness or

rockiness of a man's land, or the expense of removing those bad qualities, is a burden.

I have left myself little space to discuss Mr. Money's schemes of reform, and must content myself with mentioning one of the most striking of them, his plan for a distinctly graduated income-tax. The most extraordinary feature in this is the fact that it involves an absence of graduation on incomes derived from property belonging to persons with between £60 and £2,500 a year (p. 302). I should therefore call it a scheme for taking graduation away rather than for introducing it. Mr. Money proposes to take the rate chargeable on incomes of between £60 and £2,500 as the standard rate, and collect it, as at present, as near the source as possible. The balance of the higher rates which will be chargeable on incomes of over £2,500 will be collected from the taxpayer himself on the declaration of total income which will be required from him. And then Mr. Money observes complacently "an important feature of the scheme is that taxation at the source is not abandoned"! It seems to me to be abandoned precisely at the point where there is the greatest danger of cheating and evasion. People who would hesitate to defraud the State of a tax which they have to pay at the same rate with their neighbours will lie without scruple to avoid paying what they will call an iniquitous imposition in the shape of a surtax added to the standard rate. Why not continue the present practice of charging the highest rate on all income-taxes at the source? Mr. Money is quite right in wishing to substitute a straightforward system of graduated rates for the existing system of abatements, but the objectionable feature in the existing system is not the collection at the highest rate, but the fact that ordinary people do not, and will not, till a great change in general intelligence has taken place, understand the real effect of deducting the tax on the first £160 (or whatever the sum may be).

EDWIN CANNAN

History of Shipping Subsidies. By ROYAL MEEKER, Ph.D. Publications of the American Economic Association, Third Series, Vol. VI., No. 3, August, 1905. (New York: The Macmillan Company. London: Swan Sonnenschein and Co. Price \$1.00.)

IN his *History of Shipping Subsidies*, printed for the American Economic Association, Dr. Royal Meeker offers the public a comprehensive volume, which traces in detail the growth of subsidies

in all the important countries of both the East and West, and reviews their effects from theoretical, popular, political, and ethical standpoints. Among most nations shipping subsidies date back to comparatively recent years, but in England shipping was encouraged by bounties in the reign of Queen Elizabeth, when Parliament granted 5s. a ton to every ship above 100 tons burden, and the Navigation Acts in 1651 and 1660 were an indirect form of subsidy which proved very efficacious in attaining Cromwell's object of destroying the control of Holland over the mercantile marine of the world. This legislation restricted the importation of goods into England or any of its dependencies exclusively to English ships, of which the master and three-fourths of the crew were also to be English, and an exception was only made in favour of foreign ships bringing merchandise, genuinely grown or manufactured in their own lands. It is impossible to ascertain what the cost to England of this policy may have been, but the effects upon Dutch trade were certainly disastrous, and no one can say that the end did not justify the means.

Dr. Meeker distinguishes clearly between the various types of modern subsidies, of which postal subventions, admiralty subventions, and bounties for navigation, construction, and equipment are the more direct kinds; while through-preferential railway rates to places oversea, as existing in Germany, and the exemption of shipping from taxation, as in Sweden and Norway, are examples of the indirect kinds. With regard to postal subventions, they are economically absolutely defensible, provided they are for services rendered, and are, as far as possible, granted to shipping companies by contract in the open market. No doubt mail contracts have been let out from time to time at higher figures than the cost and risks of the services rendered really demanded, but the weak point of any government position is that it is often difficult to get real competition in bidding for ocean mail contracts at all. It is also hard to estimate the exact value to the public of fast and regular mail communication in any given case, nor do the terms become simpler if political purists insist that all advantage to commerce is to be rigidly excluded from the calculation. The fact is, that all advantage to commerce cannot be rigidly excluded, because incidental benefits accrue to trade from the circumstance that rapid postal communication necessarily follows the lines of great commercial traffic. In severely condemning certain mail contracts as granted for excessive sums, the author has not given quite sufficient weight to these considerations.

Whether admiralty subventions should be paid, for the building of merchant ships on such a pattern that they can easily be used as naval cruisers in time of war, is a question best decided by the Admiralty or Ministries of Marine. Anything would be permissible for purposes of national defence, but the prevailing expert opinion seems to be that attempts to make war-vessels out of mail steamers ends in creating inadequate cruisers and inferior merchant ships.

Subsidies for navigation, construction, and equipment are given in a number of foreign countries in varying degrees, mainly on the ground of assisting trade, but they cannot be defended economically, and are actually a considerable drain upon the taxpayers' pockets. The artificial stimulating of sailing ships in France has simply acted in many instances as a premium upon the building of unnecessary tonnage to be run in ballast for the benefit of the owners, who have obtained by means of the navigation bounty (especially on long-distance voyages) a dividend amounting sometimes to as much as 22 per cent. on their capital.

The author does not look with favour upon indirect forms of subsidy, and suspects through-preferential land and sea rates—such, for instance, as have been established between the interior of Germany and the Levant—of producing a demoralising effect. The questions really are, “Do orders come from the Levant to Germany rather than to other countries mainly in consequence of these low through-preferential rates?” and “Is Germany by this means building up a permanent footing for her trade in the Levant, from which, owing to the conservative disposition of merchants, she is not likely to be dispossessed?” There is important evidence on these points which has perhaps escaped Dr. Meeker's notice. He is, however, theoretically of opinion that where a subsidy is required for the temporary protection of an infant industry, it can be sustained by scientific argument of an economic character. Nevertheless he does not propound a remedy for a nation heavily handicapped by the competition of foreign subsidies. It is very unsatisfactory to say it had better sit still and do nothing.

While much of Dr. Meeker's reasoning is sound, his book would be far more convincing if he did not appear to approach the subject with a very prejudiced mind, and sometimes in language which certainly makes no pretence of mincing matters or veiling his bias. Phrases such as the following do not captivate a reader who is trying to study the subject with an impartial mind. The Italian system must, undoubtedly be awarded the

palm "for all-round imbecility and utter senselessness." "The appalling irrationality of these (German) 'reasons' for increasing the subventions are too apparent to merit discussion." "A certain class of people in England, and especially in the United States, by means of a process which it would be flattery to call reasoning," conclude that Germany's progress is due to enormous subsidies. Such instances might be multiplied.

It must also be observed that Dr. Meeker shows a tendency to try and force facts to fit themselves to his desired conclusions, or to explain them conveniently away. If the Belgian Government pay a subsidy to the North German Lloyd to induce them to call at Antwerp instead of Rotterdam, it hardly suggests that subsidies have no value, but the conclusion the reader is invited to draw is that it is simply blackmailing on the part of the German company. Again, the shipping development of Japan is ascribed to her economic development, and it is urged that it would have occurred anyhow, but the admission is made that Japanese subsidies have attracted capital into shipping. A converse criticism might be made with reference to a remark about Holland. But perhaps the climax is reached when it is stated on pp. 202-203 that "the statistics of commerce and merchant tonnage (in the United States), which are used so freely to show the necessity for voting a subsidy, are entirely devoid of significance," while "the statistics of the commerce and shipping of France, Italy, and Austria, quoted to show the harmfulness of bounties, are by no means so worthless." Never was a bolder confession that statistics are only useful when they suit the argument!

There are several geographical oversights or signs of carelessness. Galway is not in Scotland, but Ireland; the River Platte is usually spelt the River Plate; and the mails go from Queenborough, not Queensborough, to Flushing. More serious, perhaps, is the indication that Dr. Meeker's figures are not always perfectly reliable. For example, on page 42 the Cunard Company's dividend in 1900 is alleged to have been 12 per cent. A reference to Parliamentary papers will show that it was really 5 per cent., and there was a 3 per cent. bonus.

It is unfortunate that Dr. Meeker is often too uncompromising in his statements, and is scarcely disposed to admit exceptions, though his chief deductions are unassailable. In the opinion of the reviewer shipping subsidies otherwise than for services rendered are costly and inexpedient. At all times the prosperity of a nation and the success of its commerce are much less attributable to them than to national skill and industry, but there may

be rare occasions when, for national reasons, special subsidies may be granted to establish fast direct communication or to steady foreign competition. These, however, are merely exceptions to the rule that a general system of subsidies is economically unjustifiable.

EVELYN CECIL

The Cotton Industry and Trade. By S. J. CHAPMAN, M.A., M. Com., Stanley Jevons Professor of Political Economy and Dean of the Faculty of Commerce in the University of Manchester. With Eight Illustrations. (London: Methuen and Co., 1905. Pp. viii. + 175. Crown 8vo. 2s. 6d. net.)

THIS is a new volume of the handy "Books on Business" series issued by Messrs. Methuen, and is intended to be an elementary introduction to the economics of the cotton industry and trade. To some extent it covers the same ground as the author's larger work, entitled "The Lancashire Cotton Industry: A Study in Economic Development," reviewed in the June part of the *ECONOMIC JOURNAL* for last year. It is, however, rather descriptive than historical or analytical, and may be recommended as an easily readable, fairly comprehensive and up-to-date book, likely to be very useful to students and others desirous of obtaining a general preliminary acquaintance with the industry and trade to which it relates, and with their existing developments throughout the world. The illustrations, which are mostly from the catalogues of well-known firms of textile machinists in Lancashire, are, perhaps, chiefly interesting as being suggestive indications of the development of cotton spinning in more or less remote parts of the world. From recent German treatises Professor Chapman has culled some interesting information respecting the spread of the cotton industry throughout Europe, and his account of the cotton mills on the other side of the Atlantic and in Eastern Asia, with the included statistics, also gives the work something of the value of a convenient reference-book.

One of the improvements as regards the raw material, to which Professor Chapman encourages us to look forward, is the introduction of mechanical harvesting on the cotton fields, in substitution for the tedious picking by hand at present everywhere necessary. The employment of machinery for this purpose would, no doubt, be an important contribution to the solution of the problem of adequate supply in the future, as it would tend to prevent threatened restrictions of cultivation in view of a very possible

scarcity of suitable human labour. Incidentally, the extent to which we are now dependent on the American supply is illustrated by the smallness of the proportion of the quantity of short-stapled Indian cotton consumed in Lancashire—in consequence of the tendency to finer spinning in this country—as compared with the proportions of the Indian yield consumed on the Continent and in India itself. Referring to the development, by way of the Ship Canal, of the import trade in raw cotton to Manchester, Mr. Chapman points out that, as the great majority of the Lancashire mills are now far from Manchester, the efforts to establish a Manchester “spot” market are handicapped by the fact that, were even the great bulk of the cotton imported discharged at the Manchester docks, “handling” would be saved in only a few cases. This circumstance must, of course, tend to check the migration of the trade in the material from Liverpool to Manchester. On the other hand, such migration may be assisted by the fact that, in most cases, the cost of transport by rail to the mill is cheaper from Manchester than from Liverpool. This argument, however, does not apply to the reshipment of cotton to the Continental centres, and, therefore, Liverpool seems likely to continue to offer the greater selection and to be the favourite market on the whole. Mr. Chapman's remarks on the British Cotton Growing Association's enterprise are judicial, and, at the same time, illustrate the up-to-date character of his little treatise. He appears to admit that the enterprise really implies the abandonment, to some extent, of the principle of *laissez-faire*, if, he says, “that phrase be taken to advise leaving ignorance and apathy to surmount the obstacles which prevent the foundation of industries.” He suggests, however, what may be claimed to be a wiser interpretation of the principle—“the placing no unnecessary obstacles in the way of industrial enterprise.” The distinction is a fine one, and might perhaps be met by the followers of Mr. Chamberlain, or Mr. Balfour, with the plea that it implies that “circumstances alter cases.” Mr. Chapman, however, safeguards himself by an apparent limitation of the abandonment of *laissez-faire* to cases of the production “of crops for which the land is suited, and of which other countries are in need.” But, it may be asked, “who is to decide as to the suitability and necessity?” Mr. Chapman himself warns us of the danger “that plans will be laid down on a magnitude quite out of proportion to the capacity of the Association in the future.” Clearly the aim of the Association should be “to start enterprises which will continue to develop afterwards of their own vigour without assistance or encouragement.”

That means that such enterprises must, in the end, live by the principle of *laissez-faire*.

Mr. Chapman does not think that the introduction of automatic looms will be sufficiently rapid to have any "revolutionary" influence on the Lancashire cotton industry, though he urges that automatic machinery will unquestionably play a larger part in the future than at present in that industry. The conditions in the United States and in Lancashire are not exactly on all fours. In considering changes of this character we must not forget the exceptionally great differentiation of the cotton industry in this country as compared with any other country in the world. This in itself tends to prevent any new appliance from having a sweeping influence. Another threatened innovation which has been much spoken of lately, the invention of "weft-carriers," seems also to have been advantageous only to a very limited extent. In short, sensational changes are not probable in Lancashire, judging by past experience. The constant watchfulness, characteristic of the industry, implies very gradual changes. As regards joint stock organisation and trust formation, there is a lesson in the fact that it is in the spinning rather than in the weaving branch that these combinations have chiefly appeared, owing to the conditions favouring high specialisation and production on a very large scale. Mr. Chapman holds that speculation—when based on specialist knowledge—and the system of dealing in futures, tend to a "smoothing" of prices in the long run; an opinion I have long held. Many observers are sometimes surprised at the low average dividends shown by the tables of profits and losses of spinning companies. This phenomenon is partly due to the fact that, in an average, good and bad are taken together. Thus, in 1904, when an average dividend of only $2\frac{1}{2}$ per cent. was shown, the actual dividends ranged from 10 per cent. to *nil*. Much depends on the efficiency of equipment and management in the individual mill. One or two slips may be corrected in future editions of Mr. Chapman's book. Thus, in the foot-note on page 75, it is stated that the silver purchases under the Windom-Sherman Act of 1890 showed a considerable loss to the United States Government, owing to the continued depreciation of silver. As the whole of the silver treasure thus bought has been coined at par, and the parity has been maintained, the purchases show, on the contrary, a considerable profit. The figures in the text on page 121 relating to the value of German exports in 1900 appear to be erroneously stated, in consequence of the omission of terminal cyphers. On the whole, however, Professor

Chapman may be congratulated on the production of a well-arranged, thoughtful, and suggestive treatise, possessing the merit of conciseness, on a great subject which has a very special interest just now.

F. J. FARADAY.

The Sociological Theory of Capital, being a Complete Reprint of the New Principles of Political Economy, 1834. By JOHN RAE. Edited by PROF. C. W. MIXTER. (New York : The Macmillan Company, 1905.)

THE revivers of a neglected author would be hardly human if they did not exaggerate his importance. But Cantillon and Rae bid fair to take a far more prominent place in economic history since their resuscitation than they had secured in their own century. They are no longer saved from oblivion by a mere reference of Adam Smith and a mere quotation of J. S. Mill. Their own books will henceforth speak for them.

We owe gratitude to Professor Mixter for making it easy for us now to read John Rae's chief book as he wrote it, or nearly as he wrote it. A glance at the Reader's Guide, pp. 484-485 of the present volume, will show that the editor has taken the liberty of rearranging the book; he has also contributed many useful notes, and given new titles to most of the chapters. It sometimes needs a little trouble to distinguish what is the author's and what the editor's. But, if the author could in very deed come to life again, he could not fail to be grateful for the unwearied labours of an editor in every way worthy of him.

For nearly all that we know of the details of Rae's life we are indebted to Mr. Mixter. John Rae was born near Aberdeen in 1796, studying medicine there from 1810 to 1815, and at Edinburgh a short time after, frightening the orthodox by speculations on the origin of man, and in consequence never taking his medical degree. A hasty marriage and misfortunes in business led him to emigrate to Quebec in 1821. He taught a school at Williamstown, Ontario, quitting it for Hamilton, Ontario, about 1834; he helped to fight the rebels in 1838, but kept his mastership till 1848. He then went, to the States, and, on the death of his wife, to California. These were the days of the gold mines; but Rae was less moved by cupidity than by scientific curiosity, and went, in 1851, to the Sandwich Islands to study savage life, supporting himself by medical practice and, later, by official work. In 1871, he was persuaded by an old

pupil to go back to the States. He died at Staten Island, New York, in the following year.

He studied Anthropology, and had planned a philosophical history of the human race (xliii.). He was one of that small and useful class of men, the "projectors" whose claims Bentham successfully pleaded against Adam Smith, on behalf of men like himself, Arthur Young, and Lovell Edgeworth. He had a project for measuring currents at sea (xxviii.), and he anticipated the feathering paddles of steamers (xxx.), as Edgeworth the bicycle. If he had been less erratic and restless, he would have had more success in the world.

His papers on the language of Hawaii (xxxiv.), on California (xxvi.), and on Canada (xxx., xxxiii.), are not now accessible, and probably would not now make a great impression. John Stuart Mill's praises of Rae, however, were by no means confined to the "Political Economy." It is a matter for regret that Mr. Mixter has not been able to give the correspondence between Mill and Rae in full. Mill's reception of the Letters on Population (printed by Mr. Mixter in the ECONOMIC JOURNAL for March, 1902), can hardly have been entirely favourable, and the letters seem to have left no trace in his own chapters on the subject. On the other hand, Mr. Mixter seems perfectly right in his belief that Mill's Principles show signs of Rae in other places than the fifth section of the eighth chapter of his first book. To both of them, Political Economy was a branch of a more general Social Science, which considered "the laws to which man is subject as a moral and intellectual animal," acted on by the world and reacting upon it (Rae, p. 5).

Rae had hoped to have treated the larger subject, but circumstances forced him to confine himself to Political Economy, and largely to one branch of it, the branch including stock, wages, profit, and rent (*ib.* 6). He tries to improve economic terminology. He uses the term "instruments," for example, in a wide sense for all material objects altered by man to adapt them to his future wants (14), including "tools," but not confined to them. When such things pass back into mere materials he speaks of them as "exhausted," not in a bad sense, but in the sense of full fruition and serving of purpose (21). It is his stress on the importance of the element of time, the time elapsing between the formation and the exhaustion of instruments, that leads to his "anticipation" of Böhm Bawerk. The fourth chapter works out his view in detail. The chapter is an excellent instance of the skilful use of economic method, beginning with

the broad general principle and passing to the successive modifications due to the complexities of life and economic friction.

What had been little considered by previous economists, who simply touched on it in connection with the distinction of fixed and circulating capital, is here treated at full length. Professor Böhm Bawerk has in our generation considered Professor Menger's classification of the means of production in the light of the different value of goods present and goods to come. So Rae, seventy years ago, made time a chief element in his classification of "instruments." There is the Class A of instruments, which are exhausted and return double their cost in one year's time. Instruments of Class B do the same in two years, of C in three, and so on. The assumptions are made: (1) that no instruments will be formed (human nature being as it is) unless they bring a greater return than their cost (31); (2) that every instrument is formed at one given point of time and exhausted at another given point of time. Every instrument can thus be classified according to the period when its return was equal to double its cost. When this is an early period it is said to belong to the "more quickly returning orders" (32).

Rae then takes account of cases where the instrument belongs to neither of two classes but falls between them; and he gradually introduces the complications of real life. Here are some of his instances:—

A field enclosed and planted this year and yielding its crop next year is of the Class A. If the field is such that it takes one year to prepare it for planting and another to plant it, the field is "an instrument of the Order B" (33). But "in by far the greater number of instances, neither are the times elapsing between the periods of formation and exhaustion any exact number of years, nor are the "capacities" exactly double the cost of formation. But, in all deviations of these three quantities from an exact correspondence with any of the orders, the proportions existing between them will nevertheless always be such as to make it possible to reduce the instruments in which they occur to one order or another in our series, or to an order that may be interposed between two proximate orders" (33). There may be instruments returning more than double their cost or less than double in their period of exhaustion. We can bring them within the classification, by stating their actual period in terms of the periods in which we have supposed the doubling to occur by rule, thus lengthening it in the one case, and shortening it in the other (34).

(1) If you get, in six months, exhaustion of the instrument and a return of something less than double the cost, suppose the exhaustion to be at twelve months; there would be a doubling in twelve months, and we can reckon the instrument to belong to Class A.

(2) If in a certain time the exhaustion takes place with a return of *more* than double the cost, then suppose that we follow back the returns in time till we come to that point in time when the returns are double and no more. That point in time will fix the period and the class of instruments.

If in the South Sea Islands a group of bread-fruit trees can be planted with an hour's labour but only reach maturity in their twentieth year, and then last only for two, how are they to be classed? As they are of extraordinary "capacity" when mature, they yield in the two years, say, the equivalent of 2,048 hours' labour. Now this would be exactly the eleventh term of a series in geometrical progression beginning with 2, 4, 8, &c., and we may consider the instruments, therefore, to lie in the "Order B" (34-5). This appears more clearly if we suppose the planter of the bread-fruit trees at the same time to plant something else that returns double in two years, and at the end of the two years to apply the produce (perhaps by proxy through a tenant) towards a doubling of *that* in two years—at the end of the twenty-second year he would have a total return equal to that of the bread-fruit tree (35).

We assumed, however, that instruments are formed at once and exhausted at once, the fact being that both formation and exhaustion may be spread over some time, and that time not the same for both. Rae considers that when the particulars are known it is possible to state each such case in terms of his formula, to represent each as an instance of an instrument doubling its return of cost in a short period or in a long (36-8). To this rule he admits one exception, and that is Land.

Land before it is cleared is one instrument; land after it is cleared is a different instrument. When once it has been made fit for cultivation it remains so, though not actually cultivated, and though subject to relapse. In the first case once made an instrument (says Rae) it is not exhausted; and the returns to it are Rent. It is possible, with some difficulty, to bring it into the classification above given; but it remains *sui generis*. Land recultivated (the second instance) is like any other instrument (40).

It will strike most readers on this side of the Atlantic that

Rae's illustrations, if not *Robinsonades*, are too remote from civilisation, and do not readily appeal to the dwellers in great cities, whose economic doubts deal chiefly with modern manufacture and trade. Most readers also will find it difficult to handle Rae's terminology. It is bewildering to read of "instruments producing events" (45). But we forget these objections when Rae proceeds to apply his principles, especially to the "inventive faculty," that condition of economic progress which he sets in relief (42 *seq.*).

Apart from invention a people may quite well go on indefinitely increasing its supply of "instruments" from the given materials, but they "must at length have recourse to such as are either operated on with greater difficulty or bring about desired events more sparingly or tardily. The efficiency of the instruments produced must therefore be generated by greater cost—that is, they must pass to orders of slower return" (46). Whether the people will persist will depend on their "effective desire of accumulation" (53). Rae proceeds to inquire in detail into the various reasons that make men attach much or little regard to the future, in different countries and circumstances. As an instance of the difficulty of teaching savages to be provident, the experiment of the Jesuit settlement in Paraguay is described at length (73-8). But providence and accumulation are not to him the great secret of industrial progress. Compare our wealth now with the wealth of England under Henry VIII.; there is "not only an increase but a change;" the things that constitute wealth are different (131). We owe the difference to invention; parsimony accumulates for self and posterity, inventive genius works for the whole human race (147). Accumulation adds to the capital of the individual, invention to that of the nation (153, &c.). Not only one particular trade but all other trades gain by an invention in one of them. If, *e.g.*, it is in breadmaking (as, indeed, we heard in 1905) "the whole society would have bread for the product (*sic*) of somewhat less labour, and all who consumed bread, that is, every member of the society, would from the same outlay have somewhat larger returns. The whole series of instruments owned by the society would be somewhat more productive; would be carried to an order of quicker return. In this manner all improvements, by moving the whole stock of instruments belonging to any society to more productive orders, increase proportionably its absolute capital and stock" (196-7).

Such a passage reads like one of the many arguments for

Free Trade with which recent circumstances have made everybody familiar. But Rae himself makes no such application of his principles. On the contrary he founds on them a long and spirited criticism of Adam Smith, in the chapter entitled by the editor, "Adam Smith on Free Trade" (377 to 447). Readers of Lauderdale's "Public Wealth" (1804) and Bentham's brilliant letter to Adam Smith on Projects in Arts (printed with the Defence of Usury, and dated from Russia, 1787) may think Rae has not added much to these authors; but as a matter of fact, he puts the whole case better than Lauderdale, and it was not of course Bentham's aim in the Letter to put the whole case at all. Rae's reasoning is briefly this—that Adam Smith assumes without proof that the causes of individual and of national wealth are identical. Now individuals often grow rich "by grasping a larger and larger portion of the wealth already in existence," whereas nations do so, economically speaking, only by production of new wealth (383). "The object of the one is to acquire, of the other to create. The means which they employ are also different; industry and parsimony increase the capitals of individuals; national wealth, understood in its largest and truest sense, as the wealth of all nations, cannot be increased but through the aid also of the inventive faculty" (386). It ought, therefore, to be the work of the legislature to further invention, more especially as the successful inventions of one country, on Adam Smith's own showing, are not spread to other countries by the mere action of private interest, automatically. Let the State bear the cost of industrial experiments (419). Let the State watch over infant industries (436 *seq.*) even by premiums, bounties, and duties (442). Let it tax foreign luxuries, for luxuries as such are a loss to society (273), owing their value to vanity pure and simple (see the three chapters on Luxuries, pp. 245 to 296).

Mill may have got from Rae his idea of the lawfulness of the experimental protection of infant industries in young communities. It is interesting to see that Rae finds no real approval of it in Adam Smith, but to his indignation the extreme contrary. Rae at least does not go to the "Wealth of Nations" to find his own dogmas in it. He is never willingly a dogmatist. If his reasoning does not always convince us, it may be our own fault.

He does not convince most of us when he contends against J. B. Say that Adam Smith was entirely a deductive philosopher (329-353). Adam Smith's notion of a philosophical system is (Rae quite rightly says) the notion of "an imaginary machine

invented to connect together, in the fancy those different movements and effects which are already in reality performed" (333). He contrasts this with Bacon's idea that truth can only be got by rising slowly from fact to fact, till we reach real laws of nature (335). The one method (he says) is deductive the other inductive, and Adam Smith is deductive throughout, whether in *Æsthetics*, *Ethics*, or *Political Economy* (336-8). But has the progress of science been really conducted on the principles of Bacon? Adam Smith was not unacquainted with Bacon,¹ but in his history of physical science it is Copernicus, Kepler, and Newton whom he follows. These men, no more than Darwin, could truly say "*Hypotheses non fingo*." Deduction played its part in their experimental philosophy. In *Political Economy*, in the *Political Economy* of Rae, it plays an even larger part.

Every economist is apt to think that every other economist has got his generalisation too soon. Rae considers that Adam Smith has not tried to discover real laws, true without exception, but has been content to take up current general notions, such as the notion that self-interest is the cause of wealth, and make out of them a system that seems to embrace "all the different movements and effects which are already in reality performed" (353). Adam Smith's deduction, if it was one, was much bolder than this. His "simple system of natural liberty" was certainly not in existence in Europe in 1776 for him to see. From the other parts of the book we should rather have expected Rae to contend that Bacon reduced Invention to method under the name of Experiment, and Adam Smith gave no prominence to Invention at all.

Professor Mixter, though an indulgent editor, has not been beguiled into indiscriminate support of his author in these and other views. The severe editorial note on Protectionism in the United States (445) makes this abundantly clear; and it does not stand alone.

J. BONAR

The Industrial History of the United States for High Schools and Colleges. By KATHERINE COMAN, Ph.B. (New York: The Macmillan Company. London: Macmillan and Co., Ltd. Pp. xviii., 343. 1905.)

THE author of this volume believes that "the history of the United States more than that of any Old-World country, is the

¹ We are told in the *Memoirs of Francis Horner* (i. 165) that Adam Smith found in the "*Cogitata et Visa*" the best summary of Bacon's views.

record of its physical achievements," and that "the story of America can be comprehended only in the light of her material aspirations and attainments." In this she is in agreement with most foreign students of American life for the last century. Carlyle long ago said, "Their quantity of cotton, dollars, industry, and resources I believe to be almost unspeakable;" Leigh Hunt declared that he never thought of America without seeing a huge counter stretching up and down the Atlantic coast with smart tradesmen standing behind it; and the economist Chevalier, after travelling through the country, wrote that it was "not a second edition of the Greek and Roman republics, it is a gigantic commercial house, which owns its wheat-fields in the north-west, its cotton, rice, and tobacco plantations in the south, which maintains its sugar-works, its establishments for salting provisions, and some good beginnings of manufactures, which has its harbours in the north-east thronged with fine ships, well built and better manned, by which it undertakes to carry for the world, and to speculate on the wants of all nations." While this has long been the European view of America, it has not until recently been accepted by Americans, and has not much influenced the writers of their history. Political activity, constitutional development, and moral reform movements have hitherto absorbed most of the attention of American historians, and little more than superficial surveys and fragmentary sketches of the economic activity of the people have been recorded. About the only economic subjects that have been at all thoroughly studied are the currency, federal finance, tariff legislation, and the later development of our transportation system. This fact makes it extremely difficult, indeed, almost hopeless at the present time, for an author to bring together in moderate compass anything like an adequate account of the economic growth of America from the simple, almost primitive colonial community of the eighteenth century to the highly complex and diversified society of to-day.

In attempting this task Professor Coman has rendered good service, not alone to teachers and students in the colleges and universities of the United States, where there is so great a demand for instruction in this subject, but also to students of American society everywhere who wish to understand the influences which have moulded it and made it what it is to-day. Her book ought to be judged as a beginning, as a first attempt to bring together in a single volume the chief events in American economic history. So judged, it is entitled to a considerable amount

of praise. It places before the reader a body of information which is nowhere else to be found in a single volume, but is scattered through a vast number of books of travel, general histories, statistical compilations, official publications, and a few monographs on particular subjects. The references in the margin and the bibliography at the end of the volume are evidence that the author has made use of the larger part of the available material on the subject, and this bibliography in itself is of no small value to students. Nevertheless, few persons, I imagine, in reading the volume, will feel that the author has been very successful in realising her assertion that "the record of our industrial progress may be rendered no less intelligible and interesting to the average student than the development of political forms." The story as she tells it does not possess either the continuity or the dramatic interest of the political and constitutional history of the country. This is no doubt to be accounted for by the conditions already referred to rather than by defects in the author's method of treatment or thoroughness of preparation. Professor Coman has perhaps done as well as could be expected under the circumstances. However, it may be worth while to indicate some of the points in which the volume fails to provide what is needed in a book on this subject.

Its most serious defect is the failure of the author to select the really important events in our economic history—those which have had the greatest influence in shaping our development—and to treat these at length, pointing out their causes and consequences, instead of recording so large a mass of mere facts, neglecting the casual relation between them, or mistaking it altogether. This defect appears throughout the volume, but nowhere more strikingly than in the division into chapters and in the titles given to some of these. Such, for example, is the "Industrial Consequences of the War of 1812." It would be difficult to show that this war had any important consequences in American history, either industrial or political. It certainly settled neither of the disputed questions of impressment and neutral trade rights, which gave rise to it, and influenced only very remotely if at all the course of events which followed its close. No possible interpretation of facts could make it an important influence in American economic history. The same failure to recognise fundamental influences appears in the chapter entitled, "The Era of Expansion." Why the twenty years from 1837 to 1857 should be singled out for this particular designation it is difficult to imagine. Neither the first date nor

the last marked any considerable change in the economic life of the country. That period does not differ fundamentally from the twenty years which preceded it. Both were periods of expansion, and the expanding force was the same in both: viz., the foreign demand for cotton, the extension of cotton culture into the south-west, the resulting rise in that section of a market for the farm products of the north-west, and with the consequent prosperity of both these sections, the rise of a growing market for all kinds of manufactured goods, which in turn gave prosperity to the commercial and manufacturing interests of the north-east. This was the period which witnessed the first considerable growth of that internal commerce which has ever since played such a commanding rôle in the economic history of the United States. This important matter is nowhere considered by the author of this volume. In the same way the economic side of slavery receives no adequate treatment. Why the cotton industry was given over to slave labour instead of to the small farmers of the white race who stood ready to carry it on, the way slavery affected economic life in the south, the extent to which it was in fact responsible for that "industrial backwardness" which is described, why the non-slave holding white was not used to develop cotton and other manufactories in the south before the war as he has been since, are all questions which the economic historian is bound to consider, and their discussion by the author of this volume would have contributed much toward giving the average student that interest in the record of industrial progress which she believes may be aroused. Such questions are not indeed entirely ignored, but they are treated altogether too briefly and casually, and sometimes the reader feels inclined to question the judgments expressed upon them. Was the relatively rapid increase of population in the northern as compared with the southern section between 1837 and the Civil War due chiefly to immigration? Immigration was not large before 1840, but the more rapid growth of population in the north was plainly apparent before that time. Is slavery to be left entirely out of account in explaining this difference? And if not, what part did it play? Again, is it true that "native American operatives were superseded by foreigners" in American industries before 1860? It would be difficult, I think, to show this. Immigrants did not drive American labourers out of industries at this time. They furnished instead the necessary supply of wage-workers for the creation of new industries. This suggests another criticism of the author's views. She seems inclined to carry back into the

first part of the nineteenth century questions which belong only to the last part of it. America did indeed have a labour problem in the eighteenth and early part of the nineteenth century, but it was not the problem we now recognise under that name in America and most other countries, which has only come to be important in America since the great railway strikes of 1877. The early American problem was rather how to organise labour—that is, how to secure a sufficient supply of persons willing to accept the condition of wage-workers for any considerable time. It was not the problem of protecting wage-workers from the oppression of their employers. This earlier problem arose first in the south and was solved there by the establishment of slavery. It was less pressing in the north in early days, but was always felt there. It was encountered in the textile industries, when they first arose, and solved by the employment of women and children in those industries. But it was the immigrant who furnished the ultimate solution of it for all industries in that section. Early trades unions and labour organisations in America as well as the contemporaneous socialist movements associated with the names of Owen and Fourier in this country, had very little in common with the similar movements in Europe. They were not produced by labour conditions in this country as they were on the other side of the ocean. The prominence given to these subjects by the author rather than any definite expression of opinion concerning them, leads one to infer that she fails to understand their significance, and attributes far greater importance to them in American history than they in fact possess.

GUY STEVENS CALLENDER

L'Office du Travail de 1895 a 1905. By J. DUBOIS. (Bruxelles : A. Lesigne, 1905. Pp. 247.)

EVERY institution, in the opinion of the author of this work, owes it to the public to render an account of its achievements at the end of its first decade. The present volume is a history of the origin of the Belgian Labour Department and a description of its aims and activities. It is further intended to serve as a guide to visitors at the Social and Economic section of the International Exhibition of Liège.

The labours of the Department are partly statistical, partly practical. It set out to inquire into the conditions of labour that exist in Belgium, to study the industrial legislation of other countries, and to draw therefrom inspiration and a moral. The

personnel of the Department consists of sixty-five officials employed in the central administrative office, twenty-two inspectors, and seventeen labour correspondents who furnish monthly reports. The first task of the Department was to take a trustworthy census, which was published in 1898 in eighteen volumes. This afforded the necessary working data for further investigations. The results of an inquiry into Sunday labour were published in the same year. A report on the rate of wages in mines was published in 1901, and a similar inquiry into the conditions obtaining in the textile industries was begun in the same year. The Department began from its first year of existence, to collect statistics regarding industrial conflicts. 610 strikes, involving altogether 1,519 industrial undertakings, were investigated, and the inquiry points to the conclusion that out of every thousand strikers 101 are successful and 800 see their efforts end in failure—an arithmetical statement which may be a slip on the part of the editor. The proportion of successful strikers varies, we are told, from 1 per cent. in the mining industries to 57 in the chemical and 77 in the printing and bookbinding trades.

In addition to its special inquiries and regular statistical work, the Department has its official organ, the *Revue du Travail*, which is published monthly. In point of time this was the fourth journal of the sort to appear, only England and New Zealand having preceded Belgium in this respect. The *Revue* is purely documentary—it deals in facts, not criticisms, and hence is widely popular.

Industrial Councils were established by law in 1887 to act both as Advisory and as Arbitration Boards. They have often—to quote the words of the editor—put an end to industrial conflicts, and have in any case done much to smooth away difficulties and produce a better understanding between Capital and Labour. Without in any way calling this into question we could have wished for a more definite statement of facts to substantiate it. We get more precise information about the successes of the *Conseils des Prud'hommes*, representative bodies of employers and employed, which were instituted by Napoleon in 1805. The thirty-three councils actually in existence show a creditable record of 51,000 successfully settled disputes out of 73,000 brought before them between 1890 and 1900.

The *Annuaire de Législation* is probably the most ambitious undertaking of the Department. It gives the text of the industrial legislation of the year for all countries and their colonies,

a summary of various decrees and judgments, and in the more important cases a sketch of the inquiry which preceded the legislation. Eight numbers of the *Annuaire* have now appeared, each, we are told, improving in fulness and accuracy of detail on its predecessor.

The remainder of the book is entirely concerned with the practical activities of the Department. One chapter, copiously illustrated, is devoted to the subject of Inspection, and a sketch is given of the progressive legislation which began with the regulation of the work of women and children in 1889 and culminated in 1903 with the Act which entitles workmen to compensation for accident, even where no case for negligence can be established against the employer. The Government further set itself to encourage Workmen's Insurance Societies by every possible means, granting in the last resort a premium of 60 centimes for every franc invested in the regular accredited societies for Old Age Pensions. Nor did it stop there. Pensions of 65 francs per annum are granted to destitute workmen over sixty-five years of age, at a total cost to the State of thirteen millions annually. This, however, is a temporary measure, which the editor mentions without comment.

The question of Housing was taken up by the Government in 1887, with a special view to encouraging building operations. The workman who wishes to build is accommodated with loan facilities: he can borrow the necessary capital at 4 per cent., *plus* a contribution to a sinking fund for paying off the debt in fifteen, twenty, or twenty-five years. He is also required to insure his life in order to cover the debt in case of death before the end of the contract. Within fifteen years about one-tenth of the population has availed itself of these privileges.

Trade Unions were brought within the jurisdiction of the Department by the Law of 1898. At the end of 1903 definite information had been obtained regarding 686 Unions and seven Federations of Unions, but many others prefer to exist unknown to the authorities and free from all risk of interference. The known Unions comprise 7 associations of employers, 42 of artisans, 2 mixed, 606 of peasant farmers, 16 of professional men, 4 of employees, and 9 miscellaneous. The agricultural Unions exist chiefly for the purpose of buying stock and implements on the most favourable terms, the industrial Unions for insurance against slack times. With a few exceptions, the Unions have each their special political bias, *i.e.* they are Catholics, Liberals, or Socialists. The lines of distinction are

very sharply drawn—congresses are held of various Unions belonging to the same political persuasion, but no congress has ever yet bridged the gulf between Unions belonging to different political parties.

The volume ends with an imposing list of the laws and decrees affecting industry and the industrial population, which have been passed between 1895 and 1905. The statistical tables throughout the book are good, and the illustrations in the chapter on Inspecting, interesting, though it would be difficult to say on what principle they had been selected. The only complaint we have to make is of a certain lack of clearness in the exposition. In many cases where the history of a movement is traced to its origin the reader is apt to be puzzled as to where exactly the labours of the Department begin. On the whole, however, it is an interesting summary of the activities of the Belgian Government in matters industrial.

HÉLÈNE REINHERZ

Les Industries à Domicile en Belgique. Vol. VII. Pt. 1
by ERNEST DUBOIS. Pt. II. by LÉON DOUCHAMPS.
(Bruxelles : J. Lebègue et Cie., 1905. Pp. 174, 92.)

Les Salaires dans l'Industrie Gantoise. Vol. II. By LOUIS
VARLEZ. (Bruxelles : J. Lebègue et Cie., 1904. Pp. cxlv.,
239.)

Les Industries Chimiques. (Monographies Industrielles).
(Bruxelles : J. Lebègue et Cie., 1905. Pp. 367.)

Annuaire de la Législation du Travail. 8e année. 1904.
(Bruxelles : J. Lebègue et Cie., 1905. Pp. 595.)

THESE are some of the published reports of the "Office du Travail," of whose work a detailed description has been given above. The first three are special inquiries almost entirely statistical in aim, but a few definite generalisations may be drawn from the mass of detail. We learn that in the linen-spinning industry in Ghent, although wages are low—the maximum being 17 francs per week for men and 12.50 francs for women—employment is very regular, and many workers grow grey in the service of the same employer. There is considerable difficulty in obtaining hands—especially women—and a rise of wages is only prevented by a close association of employers. To evade their obligations in this respect individual employers offer gratuities on engagement. The most interesting portion of this

book is that which deals with family budgets; from this we learn that out of 217 cases investigated only 41 men were found capable of supporting their families by their own labour, the rest were dependent on financial help from their wives or children.

The report on Home Industries is somewhat disappointing: we get many pages of detail concerning wages and hours of work and a minute description of the development of the industries investigated, but a very meagre treatment of such questions as hygiene, legislation, &c.

Les Industries Chimiques gives interesting statistics as to the number and disposition of the various factories in the kingdom, the work undertaken by each, the labour employed and the wages earned. There is besides a large mass of technical information, no doubt useful to those in search of it, but somewhat disjointed in arrangement. The monograph obviously suffers from a plurality of compilers.

Of the *Annuaire de Législation* we have already spoken above, and we need only add that, if the facts are correct, it is an excellent piece of work. It is interesting at this date to note that the only piece of industrial legislation undertaken by Russia in 1904 was the removal of the restrictions on Sunday labour. There is a good Table of Contents which serves as a summary and guide to the volume, but a few pages of introduction, pointing to the main features of interest in the year's events, would have added much to the usefulness of the *résumé*.

HÉLÈNE REINHERZ

Die Organisationsbestrebungen der Arbeiter in der Deutschen Tabakindustrie. (Staats- und Sozialwissenschaftliche Forschungen.) By WALTHER FRISCH. (Leipzig: Duncker und Humblot, 1905. Pp. 252. Mark 5.60.)

THIS book is intended as a contribution to the study of German Trade Unionism. There are many persons who, adopting the English Trade Union as the model of organisation, are inclined to deny the title to its German counterpart altogether. But this is hardly fair. An institution may be world-wide—it will none the less take on a special colour and characteristic form in every country where it thrives. The German Trade Unions came into being in times of political agitation and strife, and the manner of their birth has left a lasting mark on their constitution. Their history is a complicated tale, full of en-

tanglements with political parties, and extraneous influences of many kinds—there is nowhere any sign of that singleness of aim and clearness of purpose which is responsible for the success of the British Trade Union. The writer has selected the Tobacco Industry for special study because, although it covers only a small field, it yet brings out very clearly and instructively the typical features of the German efforts at organisation. He traces its history from 1848 to the present day through 240 closely-printed pages of the most elaborate detail. There are here, as in other industries, three distinct organisations. The first and most important is the Social Democratic Union, which has from the outset identified itself with the Social Democratic Party in politics. Twenty years later, in 1868, was formed the Hirsch-Duncker Verein, an independent Association without political bias. This new Union was essentially pacific in disposition, its fundamental tenet being a belief in the identity of interests of employers and employed. It made very little way except in the Duchy of Baden, where the Social Democrats had never obtained a footing. The chief defect of this Association was that in its anxiety to gain adherents, it admitted workers of other trades quite indiscriminately to its ranks, and never therefore became a power within its own province. A more serious rival to the old organisation was the Christian Social Union of Tobacco-workers, founded in 1899. The creation of these Unions—for the Tobacco Union was only one of many—was no doubt a bold bid on the part of the Ultramontanes for the working-class vote. But the fact remains that there were throughout the country a large number of workmen who felt the need of organisation, but would not belong to any Union which was directly under the influence and dominion of the Social Democrats. Although the Clerical party was largely responsible for the existence of this new Association, yet it is anti-Social-Democratic rather than Clerical. It adopted a Christian but not a sectarian basis, includes Catholics and Protestants, and is pledged to attach itself to no political party and to lend itself to no discussion of party questions.

Whatever the success of Trade Unions in other industries, the writer comes to the conclusion that the efforts of the tobacco-workers have been conspicuous by their failure. Out of 140,000 only 24,700, or $17\frac{1}{2}$ per cent., are organised, and the standard of wages is deplorable. The fault lies partly in the conditions of the industry itself, partly in the baneful influence of the political element in their associations. The industry is largely carried on

in the homes of the workers, and female labour plays a considerable part, two facts which have militated seriously against successful organisation. Female labour is at all times difficult to organise—home industries are past praying for. The position, which was anyhow discouraging, is further aggravated by the obstinate adherence of the old Association to the Social Democratic Party, and the consequent exclusion of all persons of moderate views.

As regards the future of the three separate Associations, the writer is of opinion that the free-lances, *i.e.* the Hirsch-Duncker element, will remain powerless. The other two must yield points to each other, and sink their differences in a joint attempt to raise wages and improve the conditions of labour. Hitherto the opposition and distrust which workmen's Unions have invariably met with, their undoubted wrongs and the injustice of the laws against Socialists have practically driven the budding Unions into the arms of the Social Democrats. But the time is not far distant, says the writer in conclusion, when the development of the Social Democratic Party in one direction and of the Social Democratic Trade Unionists in another, will afford the opportunity for withdrawing the Unions from the injurious dominion of Social Democracy. How or why this is going to happen is not very clear. That it is a consummation which the writer ardently desires, and to which he hopes to add his little quota of effort, is evident. Trade Unions are a necessary and natural feature of every healthy community, and it must be the aim of social reformers to prevent such deserving institutions from becoming the tools of an unpatriotic and unscrupulous party. It is perhaps not altogether unreasonable that the reformer should detect the faint and distant signs of the change which he is anxious to bring about, and it is at any rate never too early to point out the direction in which opportunities for reform may be expected to arise.

HÉLÈNE REINHERZ

La Monnaie et les Prix. By ED. DOLLÉANS. (Paris : Larose et Forcel, 1905.)

M. DOLLÉANS examines with penetration all aspects of the problem of measuring and accounting for changes in the value of money. His aim is to discover whether any confirmation can be found, in statistics of prices and currency, of the quantitative theory.

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The first part of the book is taken up with the theory of index numbers, whilst the second part gives the results of various attempts that have been made to estimate the quantity of gold and silver currency in existence in the world and in the several countries, and the amount of work which the currency has been called upon to perform. It is not surprising that M. Dolléans comes to the conclusion that it is impossible, at present, to discover any precise law connecting quantities of money with prices. Common-sense reasoning tells us that the quantity of gold must have some influence, but statistics are not available that would enable us to trace the connection. Even the stocks of coin and gold bars cannot be determined with any accuracy, still less the other elements of the problem.

The index number which M. Dolléans requires for his purpose is what he calls the index "*à fin objective*," as distinct from the index "*à fin sociale*." The latter, intended to show changes in the purchasing power of a given wage for the working classes, or some such purpose, must be compiled by means of weighted averages. The index "*à fin objective*," on the other hand, should be a simple average. M. Dolléans is not satisfied with advocating the simple average on the ground that weights make little difference, and are troublesome. He rather insists that they do make a difference, and would leave them out on principle.

The idea can perhaps be grasped if we suppose production and population to remain stationary whilst some change takes place in the supply of money, say, increase. All prices would rise, apart from accidental causes, in the same proportion; and in order to eliminate any accidental causes, we should take a simple average of the changes in price of as large a number as possible of independent things. If, however, we suppose money and its methods of use to be unaltered, whilst all the most important commodities come to be got more easily, and an equal number of the less important get scarcer, leaving the simple average of prices unchanged, can we say that the value of money has not changed? ¹ One may admit that if there were no persistent tendency on the side of commodities, either to cheaper or dearer cost of production (*i.e.*, labour cost), an index number based upon a simple average would indicate what amount of change in value of money had been due to causes operating from the side of money. When however, we suspect that there are persistent tendencies on both sides, no index number can tell us what effect has been produced by one of the causes alone. Hence it is not easy to see

¹ *Cp. Edgeworth, ECONOMIC JOURNAL, 1901, p. 412.*

what use there could be in an index number excepting "à fin sociale."

Judging by the last chapter, one would suppose that this is the conclusion at which the author arrives. He explains very clearly that there are the two factors, supply and demand, determining the value of money, and that either of them, or both together, may change, and that when both change it is useless to look for a measure of the effect of one of the causes alone. This does not seem quite consistent with a passage on p. 23, in which he argues in favour of the unweighted average on the ground that it does take full account of the relative importance of commodities. "Les prix expériment les rapports entre les intensités finales des besoins, et ces besoins sont précisément fonctions des quantités respectivement consommées des différentes marchandises." One does not know quite what to make of this passage. The argument here is quite different from that of eliminating accidental causes, and it does not seem very satisfactory.

C. F. BICKERDIKE

Los von der Erbschaft. From EUGENIO RIGNANO. Translated by OTTO SUDEKUM. (Berlin: Leipzig, Modernes Verlagsbureau.)

THIS little book is a translation of a French work, which is itself a compilation by Dr. Adolphe Landry from a French edition of a work of Eugenio Rignano, and it has a Preface by Edouard Bernstein.

The aim is to expound a mode of approach towards something like socialism, based upon principles recognised by economic Liberalism, as represented by J. S. Mill and even Herbert Spencer.

The proposal is for an inheritance tax progressive from generation to generation. Everyone would be able to hand down the greater part of his savings for one generation, to his son, let us suppose, but the son could not hand down the inheritance to the grandson without paying a heavy tax. The son, however, could hand down, subject only to the lighter tax, any addition which he may have earned or saved. When property was handed down for the third time, the tax would be heavier still, amounting, perhaps, to total confiscation. The scheme is best explained by means of symbols. The calculations would be rather intricate when a man died who had inherited property from several sources, some having been handed down once, some twice,

before, and more. The advantages claimed for the scheme are that it would lead, in a generation or two, to State ownership of most permanent property, whilst the motive for individual effort and saving would be strengthened rather than diminished. A man would always feel that he could work for himself and save for his children, and he is alleged to be rather indifferent about his more distant descendants. All alike would feel the need of working and saving, for unless a man who inherited wealth died worth more than he had inherited, there would not be very much to hand on to his children. Only the excess of what he had at death over what he received by inheritance would escape with moderate taxation.

This scheme, advocated in Germany most prominently by Bernstein, does not commend itself to the Marxian socialists. It is too slow for them, and it does not aim at the extirpation of the principle of private property.

There are objections of other kinds, which the author does not ignore. Complications would arise, owing to the fact that citizens of one country may own property in another. The author is hopeful, however, that these difficulties might be overcome.

More serious, one would think, would be evasion by gifts, fictitious sales, &c., during the lifetime of the owner. Those families in which there was most confidence and affection between parent and child would best be able to keep their family inheritances intact, and that might be considered a good point. The only practicable way of determining how much of a man's wealth was due to his own earnings or savings, would be to subtract the value of what was received by will from what was left at death, and this would mean hardship if a man had received a property which, through no fault of his, became valueless, and afterwards created his fortunes again by his own efforts. It is impossible to go into all the pros and cons. One must admit, however, that this scheme has the advantage that it could be tried experimentally in a mild form, and that it supplies a common meeting-ground for collectivists and those who believe in individual effort and the motives which prompt that effort.

C. F. BICKERDIKE

Die oekonomische Entwicklung Europas bis zum Beginn der Kapitalistischen Wirtschaftsform. By M. KOWALEWSKY. (Berlin : Prager. Pp. 501. M7.50. 1905.)

THIS translation from the Russian deals with the economic development of Europe in the second half of the Middle Ages, up

to the great revolution in economic life occasioned by the predominance of capital. It treats of the English, German, Italian, and Spanish agricultural life during that period, and is the third of a series dealing with the various phases of the economic side of Western civilisation. The first volume traces the Roman and Germanic elements in mediæval land tenure, the second includes the feudalisation of landholding in its economic aspect, while the present volume takes the story on to the beginning of modern times, and deals with the manorial system in its final form. Mediæval economic life was primarily concerned with natural economy and landholding and the obligations pertaining thereto, and there is no book which gives us such a wide review of the conditions prevailing over Western Europe during the Middle Ages as this of Professor Kowalewsky. Much, of course, has been done by the German historians to illustrate their early history; the results are here brought together in a concise narrative. The account of the Spanish and Italian development is especially valuable, as hitherto it has been inaccessible to those who cannot investigate the original sources for themselves.

The volume begins with an account of the English landed system of the ninth, tenth, and eleventh centuries. In his opening sentence Professor Kowalewsky shows to which school of economic historians he belongs, for he says: "The development of the great landed estate has been accompanied in England as on the Continent by the transformation of free communities into communities attached to an estate (*Gutsgemeinden*)."

He then goes on to describe the condition of England about the time of Domesday, commenting on and summarising all the latest research work. He compares the conditions obtaining in the eleventh century with those in the twelfth and thirteenth, pointing out the essential differences between the periods, and yet showing that both systems stood in close relation to one another. The English manor and the division of the land in the thirteenth century is treated of very fully, and the relative positions of landlord and tenant, the status of the free and unfree labourers, and the change towards money payments, are described at length. It has always been difficult to account for the presence of free labourers, whom the lord could employ when the practice of commuting services for money payments began to be prevalent. Professor Kowalewsky suggests that many of them came out from the towns to work for hire. It would be false, he says (p. 187), to speak of the English city

and borough of the thirteenth and fourteenth centuries as centres of industry and trade. He points out that a large proportion of the town population was agricultural, and that the citizens often appeared as free labourers on the neighbouring manors. The whole account gives an excellent summary of English conditions.

The German land system is treated in much the same way as the English, the object being to present a general view of the German evolution, and to prove that "the general course of development of economic life is determined by forces quite independent of the psychology of the people." He deals with the constitution of the family holding or "*Hufe*," and looks upon the communal development implied in the system as an outcome of the time of free occupation (p. 202). An extended territory which contained a number of communities was distinguished by the name of Mark, and Professor Kowalewsky considers that the history of agricultural progress is the history of the gradual disintegration of the Mark system out of which free villages, manors, the possessions of lay and ecclesiastical nobles, as well as those of kings and civic authorities, have been built up (p. 221). The process was one of the continual shrinkage of communally owned property. Professor Kowalewsky describes the German system of land tenure, and how, just as in England and France, free persons and free communities were nevertheless present in a system whose principal feature was subordination.

Villeinage was not completely developed in Germany in the twelfth and thirteenth centuries. There was great competition for labourers, and the tendency was for the lord to attract settlers by the promise of personal or economic freedom. As the population grew, and the uncultivated land became less and less, the landowners were able to demand and obtain more return from the peasants. The general tendency was for the free element to sink more and more into the background. It is interesting to find that slavery was not extinct in Germany in the fourteenth century (p. 272).

The rapid development of the German towns and the colonisation of Germany in the East led to amelioration in the condition of the peasant. Labour became so much in demand in the town that there was every inducement to flight if the serf were badly treated. Once in the town he got his freedom after a year's residence. To avoid the loss of their tenants the services and payments became gradually definite, the peasant was assured in his holding, and it was not until the time of the Reformation that Germany experienced a movement in favour of freedom

similar to that which had taken place a century before in Flanders, France, England, and Piedmont.

In his chapter on the Italian development Professor Kowalewsky describes the system of landowning and villeinage in Lombardy and Tuscany. He also devotes a chapter to the land system in Sicily from the beginning of the eleventh to the end of the thirteenth centuries. He says that when the Italian feudal system was at its height Lombardy was covered with a network of great estates, broken only here and there by a few free agricultural communities.

"Every estate appears as a self-sufficing whole, being at the same time a combination of smaller economic units, of holdings which are possessed by slaves, half free or free persons. The arable strips of a holding form here also no isolated whole, but are for the most part distributed among the fields" (p. 326). The general features were therefore the same as in England or France. In Tuscany, however, the great estates, with their toll of services and payments, were comparatively rare, for the feudal system was overborne by the vitality of the civic movement in the towns. Near Siena there were great "manors," but round Florence the ownership of the land was vested in the town, and the servile tenancy was transformed into one of free contract or lease. The nature of this tenancy may be seen from an instance given by Professor Kowalewsky from the lands belonging to the Cathedral of Florence. According to a record of 1201 each colonist on the Cathedral land was given a house, a portion of arable and of meadow-land. The pieces of each holding were scattered up and down the various fields, some in the valley, some on the mountains. The unit of land is the "*peccia*," and the holdings vary from three to fifteen *peccie*, and according to the number held was the tale of services to be rendered. The normal service was reckoned in terms of the work of oxen, but some holdings only gave half the *opus borum*, and it sometimes was only a quarter or an eighth. There were also manual works divided in the same way into whole and half services, together with a corn payment and a money payment, and the obligation of hospitality to the steward of the monastery (p. 345).

The land which came into the possession of Venice was also cultivated by free farmers, and the Roman leasehold system seems to have survived here in a very striking way (p. 361).

The agricultural system of Catalonia and Aragon is next dealt with, and it is interesting to find that the peasant of the Spanish Mark was for some time in a better position than that of any

other peasant in Western Europe (p. 440). They could hold land without the loss of their personal rights, and without forfeiting the greater part of their working time. So much land was available after the conquest by Charles the Great, owing to the great destruction of the Saracens, and so few were the settlers that the landowners were forced to attract tenants by granting all sorts of privileges on a scale unknown elsewhere. The Catalonian peasantry were thus able to obtain their emancipation several centuries before the English, French, and German serfs (p. 445). All gifts or services were an equivalent for a definite service rendered to the tenant by the lord. For placing land at the disposal of the tenant he received a portion of the yield. For his house the tenant gave chickens and eggs, for pasturing his sheep with the lord's flock he gave a yearly compensation in mutton, and for the privilege accorded to his pigs of feeding in the forest he returned a ham or piece of bacon to his superior. In the same way the privilege of hunting was paid for with game (p. 446). The Spanish peasant thus held land under exceptionally favourable circumstances, and was not even bound to the soil till the fifteenth century (p. 464).

As the lord was unable to draw upon his peasants for work their place was taken by slaves, and not the least interesting part of Prof. Kowalewsky's book is the account which he gives of the extent of the slave trade with Spain from the thirteenth to the fifteenth centuries. The Church was strongly against the enslavement of Christians, but favoured that of unbelievers as it might lead to their conversion. The slaves were used in agriculture, as industrial workers in the towns, as dyers, weavers, and ship-builders as well as for domestic purposes. They seem to have come from all parts of the Levant as Tartar, Greek, and Armenian slaves are mentioned. The greater number seem to have been shipped from Southern Russia but African slaves were common. Slavery was prevalent in Spain in the second half of the fifteenth century, and it is, therefore, not surprising that the Spaniards should have started slavery in the New World. The system lasted up to the end of the seventeenth century, and Professor Kowalewsky records the sale of an English girl in 1686. She was twenty-one years old, and was bought from pirates by a man in the Balearic islands.

This short account of the principal points raised in this volume will show how wide is the scope of the work. It is a masterly summary of the earlier aspects of our civilisation, and brings out clearly the conditions of the period previous to the capitalistic

era. It is the best general account known to me of natural economy in Western Europe. It is printed in Latin character, a circumstance which the ordinary reader will appreciate. One can only hope that it may be translated in the near future into English, so that it may form a textbook for students and teachers.

LILIAN KNOWLES

Il Regime e la Concessione delle Terre nelle Colonie Moderne,
MARCO FANNO. (Pp. 270. Pisa, 1905. L8,00.)

PROFESSOR FANNO'S book is much more than an account and criticism of colonial land systems. As he points out, the development of modern colonies is dependent on the distribution of the unoccupied lands, and this is in its turn influenced by the political and economic conditions of the colonising countries. In consequence, he gives a full exposition of the economic history of colonisation as well as a close account of land regulations. Putting his results into the most general terms, growth of population is the motive power of colonisation, while commercial expansion is its means. Thus until the nineteenth century the pressure of population had brought the change from extensive to intensive cultivation, but not before then had it been necessary to face the results of the exhaustion of the soil. There had therefore been little emigration save that due to religious or political intolerance, while the basis of international exchange rested solely on the productions of diverse climates. The trade of Venice, for example, was wholly in the exotic products of the East. Towards the end of the eighteenth century began the new development of colonisation within the temperate zones, and exchange regulated wholly by difference in comparative cost of similar goods. Pressure of population in old countries ending in exhaustion of the soil, leads to the change from the old system of agriculture and manufacture of raw material in the country of its production, to that of industrialism pure and simple, and with it modern colonisation and commercial expansion. The result is that the basis of exchange comes to be raw material and food-stuffs in the new countries against the manufactured goods of the old. By these means capital in the old country is set free from the most unremunerative forms of agriculture, and turned into the channels of manufacturing industry giving an increasing return. Labour, therefore, as well as capital, gains from the development of the agricultural resources of new countries, i.e., from colonisation. Professor Fanno, however, hardly makes clear what are

the economic advantages to an industrial country in receiving its food supply and raw materials from its own colonies. The plea of possible tariff barriers and perils during the transition from agriculture to industry is scarcely a sufficient argument. Again, his theory that this dependence for food on exterior countries or colonies is the cause of the political predominance of the industrial nations at the present time is surely arguing in a circle. Their political greatness—their wealth and population—were themselves the causes of the change to industrialism and not its result.

It will have been observed that colony is treated as a synonymous term with "new country." Indeed, the four typical countries whose land policies are expounded in detail include the independent States of the Argentine Republic and the United States of America, as well as the Colonies of Canada and New South Wales. During the nineteenth century, however, all these States have had large areas of waste land to deal with, and this sufficiently constitutes them colonies for the present purpose. The history of the land question in the United States and in Canada is extremely similar, and Canada has followed her neighbour's example very closely. In revolt against the old system of extensive Crown grants on a basis of favouritism and under feudal burdens, both Governments have striven to open the land freely to the people, and in both the final outcome has been the system of free homestead allotments under conditions of residence and improvement. The two great dangers are land speculation and monopoly, and the crushing out of the small proprietor by capitalist agriculture or pastoralisation. The result of the examination shows the inability of any system yet adopted successfully to combat these dangers. In New South Wales, the capitalist system was of course deliberately adopted under the influence of Wakefield, who by putting on Crown land a *fair price*, made it the monopoly of the man with capital. He was simply introducing, in an ingenious and highly successful manner, the economic system in force in England in his time. The two severe crises in land speculation were not altogether due to Wakefield, but undoubtedly the introduction of capitalist agriculture was a direct result of his policy. As the case stands at present, the probable solution of the land question in Australia will be found by the compulsory repurchase by the State of land now in private hands for the purpose of settling thereon the landless small farmers. In the Argentine, after long and fruitless efforts to obtain immigrants, there has been, since the 'eighties, a great

influx of capital and labour, and there, perhaps, land speculation has achieved its apothecosis.

Professor Fanno attributes the development of capitalist agriculture and land speculation not to the free concession, loaning, or sale of land, but to the economic conditions of the mother-country or its equivalent, the country providing the capital for the development of the colony. It is, for example, English capital which brought about the land-boom in the Argentine as well as in Australia. Capital flowing into a new country must go into land or the produce of land. Thus, if a colony fail to produce exportable goods, the capitalist system cannot be maintained. But so long as it remains an exporting country, the capitalist system of the mother-countries will be established. It is therefore necessary before fully comprehending the economic problems of colonisation, to examine in close parallelism the conditions of the colonising States.

MARION PHILLIPS'

Colonial Administration. By PAUL S. REINSCH. The Citizen's Library. (New York : The Macmillan Company. Pp. 422. 1905.)

PROFESSOR REINSCH'S book makes clear once more the need for a new set of words to assist that hard-worked series of colony, colonial, colonisation, and the rest. Strictly speaking, with the doubtful exception of Algeria, he does not touch the question of administration in "colonies" at all, but only the administration of tropical dependencies peopled by coloured races of lower social organisation than the white nations who rule them. The alternative used by Mr. J. A. Hobson, "Imperialism," does not really meet the case, for it certainly implies some degree of autonomy in the dependency, a condition which does not, speaking generally, exist in the tropical colonies. Doubtless a new world will in time be supplied by America, whose writers have already invented the noun "industrial" (p. 107), and adopted the convenient continental term "metropolitan" in place of our clumsy compound "mother-country."

The main purpose of the book is to discuss the means by which the nations of Europe and North America (for some space is given to the dealings of the United States with Porto Rico and the Philippines) are to expand their commerce and territory with the greatest advantage to themselves, and to the less civilised nations which occupy the coveted regions. The author does

not, however, deal at all with countries in which the climate allows of European settlement, *i.e.*, of colonisation proper.

Admitting that in many cases, notably in that of England, expansion has been due wholly to commercial instincts, he contends that for success in commerce alone, some principle of the relative value of different civilisations must be acted upon. The present tendency to believe that all civilisations must become subservient to the Western, he puts aside as leading back through the caste system to the slavery of the so-called lower races. It is this view of the supremacy of Western ideals, however, which has made possible the worst forms of "exploitation," in regard, for example, to the land system in the Congo Free State, and to indirect methods of taxation, such as the Hut Tax, which have led to the evils of forced labour.

• The fact is that even were our civilisation of to-day in every way and beyond all question the highest, still it cannot be assimilated by the less civilised and the savage races as it stands. "The civilisation of a Hindu, or a Malay, or a Hausa, depends not on what we can teach him individually, but on how we can effect the structural character of the society to which he belongs" (p. 26).

And since the undoubted triumph of Western nations is their economic progress by means of the increased command they have gained over the powers of nature, it is by means of this that they are to educate the less fortunate races. The literature of Europe being an artificial form of education, is to be replaced by scientific training (p. 48). The power of the native to consume is to be increased, but so also is their power to produce. In addition to experimental stations and teaching fitted to the capabilities of each particular people, a stable currency (in place, for example, of the slave currency of Central Africa), and a banking system such as the French *crédit foncier* would assist this development.

In regard to colonial finance, the experience of the Philippines and the majority of the French colonies, suggests forcibly the conclusion that when the "metropolitan" is completely master of the tariff policy, the tendency is strong to protect the industry of the mother-country against that of the colony. Save in the doubtful instance of the cotton industry in India, this has not been the tendency for the last fifty years in England. Professor Reinsch also shows that, while for such ports as Hong-Kong and Singapore, Free Trade is necessary to their prosperity, the trade with India and Ceylon being essentially three-cornered, would be severely injured by an Imperial preferential tariff, which would force it into new and limited channels.

These are but a few of the salient points of an exceedingly able book in which the question of the lower races is treated with a generous humility, and yet an optimism which are as rare as they are valuable. The references to official and general publications, which are collected at the end of each chapter, form a substantial bibliography on colonial subjects.

MARION PHILLIPS

Ἱστορία τῶν Ἑθνικῶν Δανείων ὑπὸ Ἀνδρ. Μιχ. Ἀνδρεάδου, Ὑφηγητοῦ τῆς Πολιτικῆς Οἰκονομίας καὶ Δημοσιολογίας ἐν τῷ Ἑθνικῷ Πανεπιστημίῳ. Μέρος Α'. (Ἐν Ἀθήναις τυπογραφεῖον Ἑστία. Κ. Μαῖσνερ καὶ Ν. Καργαδούρη 1904.)

In the present work Dr. Andreades has undertaken to collect materials, which hitherto have been scattered here and there, in order to present to the Greek public a fairly comprehensive history of Greek national loans. The task has not been an easy one. One great difficulty was the absence of previous systematic treatises on the subject, and another the lack of complete and accurate official publications. These difficulties, however, have been overcome, partly by the diligence of the author, and partly by his good fortune in obtaining permission, during his stay in London, to use a private collection of valuable documents relating to Eastern affairs.

The whole work is divided into three parts. The first, dealing with the national debt from the time of the revolution till the year 1863, comprises: (1) the history of the loans of independence; (2) of the loans contracted during the Bavarian dynasty; and (3) of a few internal loans.

The history of the loans of independence approaches, indeed, the tragic. When the revolt of a small part of the great Hellenic kingdom became known to the civilised world, the Philhellenes everywhere made haste to support the movement with private contributions. A few years later the London Greek Committee, consisting of English Philhellenes, rendered considerable help to the temporary Greek Government in the contraction, on the London market, of the first loan of independence. The success of the second loan of independence was likewise due largely to that Philhellenic influence which prevailed on the London market. Unfortunately, however, the Greek public derived no real benefit from either of these loans. A considerable part of the first was spent by the temporary Greek Government uselessly and sometimes for private purposes, and three-fourths of the second were partly pocketed, in the words of the *Times*, by English brokers,

and partly spent in war material, a very small portion of which reached the soil of Greece.

The first loan of independence was issued in London on February 21st, 1824, by the English bankers, Longman, O'Brien, Ellice and Co., at the rate of 59 per cent. on the nominal capital, with 5 per cent. interest on the nominal capital, and 1 per cent. sinking fund, which would pay the entire sum in thirty-six years. Thus from the nominal sum of £800,000 the money actually lent amounted only to £472,000. From that sum were again kept in advance: (1) the interest for two years; (2) the sinking fund for two years; and (3) the banker's commission, that is, altogether £123,000. The sum which the Greek Government received, therefore, did not exceed £348,000.

A year later the second loan of independence was issued in London by Ricardo Brothers, on the following terms: (1) the actual payment $55\frac{1}{2}$ per cent. on the nominal capital; (2) interest 5 per cent. on the nominal capital; and (3) 1 per cent. sinking fund. After the deduction of two years' interest, of one year's sinking fund, and of a heavy commission, the sum which the Greek representatives received amounted only to £816,000, while the amount nominally lent was £2,000,000. But even from that sum only a small portion, amounting to £182,158 was sent to the Greek Government, the remaining £633,842 being spent by Ricardo Brothers and their colleagues in such a way that the Greek public derived almost no benefit. A further examination of the way in which this £633,000 was disposed of may prove interesting.

Immediately after the contraction of the second loan, the Greek Government authorised their representatives in London to buy munitions, and order the construction of six steamships and eight frigates, all indispensable for the continuance of the revolutionary movement. The Greek representatives, almost ignorant of the English language and of the best factories for the execution of the above orders, invoked the help of Ricardo Brothers. The latter, having formed with three others an extemporary committee, spent the money entrusted to them in the most profitable manner for themselves. A large item of £212,220 was firstly spent in buying bonds, chiefly of the first loan of independence, on the plea of establishing the security of the future Greek Nation on the London market, the real aim being to levy heavy commissions and enhance the price of Greek bonds, of which they had a good stock in hand. The remaining sum of £392,600 was spent in buying munitions, five steamships in England, and eight frigates in America. These orders, however, were so slowly and badly

executed that only two steamships out of five paid for were able to sail for Greece, and these only at the end of three years. Again, out of the eight frigates ordered in America only one reached Greek waters, and that only after the interference of the American Government—whose protection of Greek interests was a flagrant violation of the rules of neutrality.

When the Turkish yoke was thrown off and Greece became an independent nation, one of the many questions which occupied the attention of the Government was the payment of the two debts of independence. Some writers, it is true, proposed that these loans ought not to be paid by the Greek public, since they were contracted by the revolutionary and temporary Government, which was not recognised by the other nations. In this question of international law Dr. Andreades, very rightly, sides with the Greek Government, which immediately after the revolution made haste to recognise their responsibility for the loans of independence, and took steps to arrive at a reasonable understanding with the bond-holders of these loans.

For many reasons, however, all the attempts of both parties for a common understanding proved unsuccessful, and it was only in the year 1878 that an agreement for the conversion of the loans of independence was settled between the bond-holders and the Hellenic Government. According to it, bonds amounting to £1,200,000 and bearing 5 per cent. interest had to be issued for the liquidation of the two loans of independence, whose nominal capital with the unpaid interest had reached at that time the sum of £10,030,000. Since, however, there were presented for conversion claims for only £8,353,000, the new bonds did not exceed the sum of £1,000,000. Arrangements were also made for a sinking fund which would pay the above sum in thirty-three years. Lastly, the receipts of the stamped paper and those of the Custom House of Cephalonia were pledged for the payment of interest and sinking fund. The signing of the above agreement was a significant event in Greek annals, and as Dr. Andreades remarks, by dint of that agreement the Greek public wiped out a national stain, and on the other hand, obtained the opening of the English Stock Exchange to Greek consols.

During the Bavarian dynasty there were contracted, literally speaking, no internal loans and only two external ones. Dr. Andreades, however, finds it convenient to deal under that head with a few other external and internal loans, some of which were contracted before, and some after the Bavarian dynasty.

After the recognition of Greek independence by the great Powers, it became evident that a great loan was indispensable to

the economic development of the country. Its realisation, however, was not at all easy. Within the country it was almost impossible to raise the amount wanted, while outside no one wished to incur such a risk after the failure of the loans of independence. On account of these difficulties the three great Powers, England, France, and Russia, who for sentimental reasons and political purposes greatly favoured Greece, undertook to guarantee for her a new loan of 60,000,000 francs. That loan was issued by Messrs. Rothschild in Paris on May 1st, 1833, at the rate of 94 per cent. with 5 per cent. interest, and 1 per cent. sinking fund; which would repay the entire capital in thirty-six years.

The use of the loan was as follows : (1) 6,986,013 francs were paid for commission, the difference between nominal and real capital, etc. ; (2) 14,769,733 francs were paid to Turkey for the redemption of Phthiotis—a Greek province—and to various previous creditors ; (3) 33,080,795 francs were paid in interest and sinking funds to the year 1843 ; (4) 1,397,645 francs were spent for the expenses of the regency ; and (5) 19,000,000 francs were spent in superfluous military expenses—that is, on the whole, 75,234,195 francs.

From the above analysis it is evident that the new loan failed to fulfil its explicit purpose of developing the economic resources of Greece. The Greek public not only failed to derive any real benefit from that loan, but, on the contrary, by having paid the interest and sinking funds for ten years sustained a considerable loss. The Budget of 1842 closed with a deficit of 3,000,000 francs, and the continuance of the service of the loan, save of a few occasional payments, became impossible for a period of twenty-two years. During that time long negotiations took place between the Greek Government and those of the three great Powers above-mentioned, which ended practically in the year 1864 in the following agreement. The nominal capital of 60,000,000 francs with the interest and sinking fund paid by the Powers, had reached the sum of 100,000,000. Against that debt it was agreed that Greece should pay 900,000 francs per annum. That sum was the minimum which Greece was allowed to pay, and the Powers reserved the right to increase it when the improved economic conditions of the country would permit. A question arises, however, with regard to the nature of the above sum : Does it represent interest only, or interest and sinking fund combined? Dr. Andreades thinks that it represents both, but in an unknown proportion.

The second external loan, amounting to 4,640,000 francs, was temporarily lent with 4 per cent. interest by the Bavarian Government to Greece, in order that the latter might meet some deficits in the Budgets of 1835 and 1836, due to a delay in issuing the third series of the above-mentioned loan of 60,000,000 francs. In 1842, when a final treaty was signed between the two Governments, the sum was reduced by the previous payments to 2,662,771 francs. From that year, however, the payment of interest and sinking fund was abruptly interrupted. This suspension was due rather to the strong anti-Bavarian feeling prevailing at that time in Greece, than to the financial inability of the country. In 1849 the Bavarian Government assigned her rights to her King Louis. But even that change did not alter the attitude of the Greek Government. In 1880, however, Prince Bismarck, availing himself of the diplomatic crisis in Greek affairs, obtained the immediate repayment of 2,600,000 francs for the liquidation of the whole debt, which was at that time 5,600,000 francs.

The third external debt was that due to the dethroned King of Greece, Otho. According to a treaty signed in 1868 by the Greek Government and the king's heirs, the amount of indemnity was fixed at 4,500,000 francs with 4 per cent. interest. The debt will be entirely paid at the end of 1908.

The internal debt consisted practically of the pensions given to those who offered their various services during the war of independence, and of the sums spent for the same purpose by three Greek islands. The former, amounting to an average sum of 400,000 francs per year, were paid regularly till the entitled persons died. The latter were not recognised by the Greek Government till the year 1853, when by law the sums due were fixed at 18,000,000 francs, bearing 1 per cent. interest, and were properly divided among the three islands.

In 1904 by another law provisions were made for the rapid liquidation of the above capital.

The work when completed will fill a gap in the economic literature of Greece. In the present part the student will find a valuable collection of facts presented in a vivid and concise manner. The statesman may derive valuable lessons from the author's criticisms of the policy of the Greek Governments in delaying the liquidation of the external loans, and from his account of the influence which these delays exercised on the general credit of the country.

N. K. KYRIAKOPOULOS

NOTES AND MEMORANDA

ON THE HIGH PRICE OF MEAT IN THE GERMAN EMPIRE IN 1905

LAST summer in the German Empire public attention was greatly excited by the high and constantly rising price of meat of every sort. In Berlin oxen, dead weight (first quality), have risen from 126,30 marks per 100 kg. in 1899 to 155,80 marks in August, 1905, *i.e.*, about 23 per cent. The rise has been greatest in the five months from May to September; the price rose from 143,00 marks in May to 155,40 marks in September, *i.e.*, 6·2 per cent. Moreover, in the period from 1899 to August, 1905, calves, dead weight (fair average quality), have risen from 136,30 to 156,00 marks, per 100 kg., *i.e.*, about 14·5 per cent. Here, too, we find a rise of about 6 per cent. (from 148,80 marks to 157,80 marks) during the five months from May to September. A similar but perhaps not quite so high an increase of the price of beef is found in the central, western, and southern towns of the Empire. In Silesia the rise of price was still higher.

The movement of the price of pigs was not the same. It fell, during 1899 and 1900, from the high level it had attained in 1898. It began to rise again in 1901 and 1902. In 1903 and 1904 it fell again, but it still remained much above its level in 1899 and 1900. In 1905 the price rose higher than it had ever been. All this will be shown by the following figures:—

BERLIN (MARKS PER 100 KG.).¹

	Oxen. 2nd quality.	Pigs. 2nd quality.	Calves. 2nd quality.	Sheep. 1st quality.
1895	119·0	90·1	112·8	109·5
1896	112·2	86·2	102·8	102·6
1897	113·1	105·0	115·3	104·8
1898	113·3	111·3	119·7	108·4
1899	115·9	94·8	132·5	110·0
1900	119·1	95·5	128·5	112·8
1901	112·3	112·0	123·0	112·9
1902	121·4	118·8	130·2	120·8
1903	129·0	99·7	139·6	132·9
1904	131·5	98·0	139·2	127·2

¹ Live weight, minus a certain percentage.

The rapid rise of the price in 1905 is shown by the following figures :—

BERLIN (MARKS PER 100 Kg.).

	Oxen. 1st quality.	Pigs. 1st quality.	Calves. 1st quality.	Sheep. 1st quality.
January—March ...	140·8	112·4	164·1	135·8
April—June	142·1	128·8	168·9	140·1
July.....	147·6	130·4	164·8	133·2
August ...	155·8	132·5	124·0	140·0
September	155·4	138·8	126·0	136·0

MUNICH.

January—March ...	157·3	116·8	99·0	93·5
April—June	154·1	139·3	108·3	102·7
July.....	157·5	141·5	92·0	94·6
August ...	164·0	147·5	98·3	98·6
September	124·6	145·2	112·6	99·8
October ...	174·0	147·0	128·0	97·0
November	171·0	146·0	115·0	93·0
December	174·0	138·0	113·0	94·0

It is evident from these figures that the rise of the price of the principal sorts of meat has been extremely rapid during the summer of 1905.

Importation of foreign meat and cattle into Germany is not quite free. There were duties laid upon it by the first protective tariff of the Empire in 1878. The rates having been raised by law in 1885, were lowered again in 1892 by treaty, in accordance with the commercial treaty policy of Graf. Caprivi, then Chancellor of the Empire. In the present tariff, which became effective on March 1st, 1906, they have been fixed much higher. But the duties are neither the sole nor the most efficient measure which makes the importation of foreign meat and cattle into the German Empire difficult. Owing to a resolution of the Reichstag passed during the deliberations on the Bill concerning contagious cattle diseases, since 1895 the Imperial Government seriously endeavoured to prohibit the importation of foreign cattle and pigs, whenever there was the slightest suspicion of disease abroad. In the present state of the regulations, the importation of living animals from nearly every country is prohibited. A limited number of pigs and oxen, however, are allowed to be imported from Russia and Austria into the abattoirs of several towns. They must be slaughtered immediately. Notwithstanding the severity of the German veterinary policy *régime*, the German Government has not fully succeeded in suppressing all the contagious animal diseases within the boundaries of the Empire. Although foot and mouth disease has been almost completely suppressed, and on October 31st, 1905, was only found in three farms, swine fever seems to be endemic in

Germany. On September 15th, 1905, it was found in 1,995 farms, scattered over 1,537 rural communities, situated for the most part in provinces where, during the last five or six years, no swine have been imported from abroad. It is the same with "Rotlauf" [swine erysipelas].

The importation of fresh and preserved meat has been regulated by the laws of June 3rd, 1900, and February 5th, 1903, concerning the control and the importation of foreign meat. Meat is only allowed to be imported in whole carcasses. The intestine parts (milt, kidneys, lights, liver) of the animals must be still in connection with the carcasses. The importation of sausages and of preserved meat in pieces below 4 kg. in weight is prohibited. The taxes for the inspection of meat at the frontiers are high, and the proceedings of the control tedious, and for these reasons the difficulties and risks of importing meat are increased. According to a calculation, communicated by Herr Oeser in the Prussian Abgeordnetenhaus on January 23rd, 1906, 100 kg. of hands of pork, worth 65 marks, have to pay duties and control taxes not less than 43 marks, when they are imported into the Empire. During the last years there have been imported into the German Empire:—

	1901.	1902.	1903.	1904.
Oxen, bulls, cows, calves ...	216,990	296,935	327,297	306,014
Sheep	655	1,077	1,702	1,564
Pigs	77,257	70,592	79,511	68,983
Beef (1,000 kg.).....	17,025	17,327	15,104	17,895
Pork " 	36,371	38,347	18,360	10,688
Lard " 	97,884	82,273	82,974	92,642

The principal meat in Germany is pork and beef; mutton is not so much consumed. The number of sheep exported is much higher than the number of those imported. There were exported in 1901, 187,862; in 1902, 159,128; in 1903, 129,937; and in 1904, 115,419.

There are not only duties laid on the importation of living animals and slaughtered meat, but in addition the principal cereals used for feeding animals, such as barley, oats, and maize, are charged with duties.

The German population is increasing by from 800,000 to 900,000 persons a year. It is estimated that the latest census (on December 1st, 1905) will no doubt show 60 millions. To this it must be added that the composition of the German population is changing, as the birth and death rates are both declining. In consequence of this the proportion of the number of individuals in early life, consuming little or no meat, has

constantly diminished. The proportion of persons of medium age is increasing. By this fact alone, a constant increase of the average meat consumption per head is required. Besides this the agricultural labourer, working in the open air, can, as is shown by physiology, live to a greater degree on vegetable food than the industrial labourer. Therefore, the more the proportion of persons occupied in industry increases, the greater will be the average need for animal food. According to the census of 1900, 30·63 million Germans lived in communities of more than 2,000 inhabitants, and only 25·73 millions in rural communities. Since then, there has been a further change in favour of the urban population, and the need for animal food has increased.

The cause of the high price of meat in Germany is found in the difficulty of procuring sufficient quantities of feeding stuffs for cattle, sheep, and swine. There are not only duties on the importation of cereals, used for feeding animals, such as barley, oats, and maize, but much higher duties are levied on vegetable foodstuffs for human consumption, such as wheat and rye. In consequence of this policy, the production of feeding materials, used for raising cattle, &c., will not pay unless a high price for meat can be had. It appears from two papers published by the "Kaiserliche Statistische Amt" in the "Reichsarbeitsblatt" (November and December, 1905), that for the last five years the price of cattle and of pigs in the principal towns of the German Empire has nearly always been much higher than in Chicago, Vienna, Rotterdam, Budapest, Copenhagen, London, or even Paris. By means of statistics it will be further perceived that a bad hay or potato harvest must always lead to a high price of meat in the next year, fewer animals being bred in consequence of the scarcity of feeding stuffs. Thus in 1902 and 1905 the price of meat rose much above the average, because the harvests of 1899, 1900, and partly of 1901, and of 1904 had been bad ones, as is shown by the following table, taken from the "Vierteljahrshefte zur Statistik des Deutschen Reiches," 1905, I., 75. There have been harvested :—

	Barley.	Oats.	Potatoes.	Clover.	Sainfoin.	Hay.
1904	2,948	6,936	36,287	7,750	1,225	21,507
1903	3,323	7,873	42,902	9,728	1,324	26,355
1902	3,100	7,467	43,462	9,649	1,342	26,017
1901	3,321	7,050	48,687	6,764	1,171	22,870
1900	3,002	7,092	40,585	6,781	1,316	23,116
1899	2,984	6,883	38,486	8,277	1,351	23,768

The unfavourable influence of the bad home harvests on stock breeding was increased by the bad maize harvest in the

United States in 1902, and the consequent rise of the price of maize. The price was :—

	Potatoes (inferior quality). Marks per 1000 kg.			Maize.
	Berlin.	Magdeburg.	Stettin.	Bremen.
1898	30·37	25·86	31·11	84·2
1899	27·08	24·55	30·29	83·9
1900	30·50	26·05	30·94	95·0
1901	22·58	21·42	27·92	102·5
1902	19·63	20·33	23·66	120·2
1903	26·30	26·00	28·98	101·4
1904	36·92	33·79	38·61	102·3

The progress in breeding live stock in Prussia appears in the following table :—

	Cattle.	Per 100 inhabitants.	Swine.	Per 100 inhabitants.	Sheep.	Per 100 inhabitants.
1873	8,639,514	34	4,294,926	17	19,666,794	79
1883	8,737,641	31	5,819,136	21	14,752,328	53
1892	9,871,381	32	7,725,447	25	10,109,544	32
1897	10,552,672	32	9,390,231	28	7,859,096	24
1900	10,876,972	31	10,966,921	31	7,001,518	20
1902	10,393,203	29	12,728,068	36	5,920,693	16
1904	11,156,133	30·6	12,563,899	34	5,660,529	15

The number of cattle and sheep per 100 inhabitants has been decreasing since 1873. This decrease is not counter-balanced by the increasing number of swine. If we equalise a head of cattle to 4 swine or 10 sheep, and if we calculate thus the whole animal staple in heads of cattle, we find that in 1873 there were 44 heads per 100 inhabitants, and in 1904 only 40 heads, and that a diminution of 4 heads of cattle has taken place. It will be seen that the absolute number of cattle has decreased from 1900 to 1902. This fact was a consequence of the drought in 1901. The number of swine has decreased from 1902 to 1904 in consequence of the bad potato harvest in 1904, and the high price of maize. The number of sheep has been constantly decreasing since 1873, because the wool price fell.

Since July 1st, 1904, the number of slaughtered animals, subject to the inspection and control of meat, is published by the Imperial Office for Statistics. Its results are the following :—

	Horses.	Oxen.	Bulls.	Cows.
July—September, 1904...	23,827	145,682	128,553	379,179
October—December, 1904...	44,659	152,860	111,732	410,340
January—March, 1905...	35,965	142,039	112,663	412,666
April—June, 1905...	29,193	143,880	125,046	405,746
July—September, 1905...	28,907	152,604	128,973	407,086
	Heifers.	Calves.	Pigs.	Sheep.
July—September, 1904...	246,478	1,072,835	3,508,461	768,461
October—December, 1904...	219,817	999,291	4,400,260	609,599
January—March, 1905...	185,782	1,120,801	3,910,952	451,948
April—June, 1905...	215,880	1,321,716	3,140,728	488,864
July—September, 1905...	275,619	1,082,920	3,080,792	840,881

		Goats.	Dogs.
July—September,	1904	44,223	762
October—December,	1904	186,957	1,762
January—March,	1905	107,699	1,785
April—June,	1905	152,908	939
July—September,	1905	38,015	1,017

An article, published in the "Reichsanzeiger," in August, 1905, pointed out that, according to the number of cattle, sheep, and pigs, slaughtered from July 1st, 1904, to July 1st, 1905, the average meat consumption per head of the German people is higher than it had been assumed to be before. The author of this article calculated that it amounts to 54.22 kg. per head, whilst the "Kaiserliche Statistische Amt," in its well-known publication, "Die Deutsche Volkswirtschaft am Schlusse des 19. Jahrhunderts" (Berlin, 1900, p. 56), had only estimated it at about 40 kg. per head. But it is shown by the results of the same statistics that the number of slaughtered animals has considerably decreased in the three months, July to September, 1905, in comparison with the same months in the year before. To this it must be added, that the average weight of the slaughtered animals has also decreased in the course of the year 1905, in consequence of the bad hay and potato harvest in 1904. The Memorandum of the Prussian Ministry of Agriculture on "The Meat Scarcity in 1905," presented to the "Reichstag," admits that there has been a diminution in the weight of the slaughtered animals, amounting to 2 per cent. in cattle and 3 per cent. in pigs.

The conclusion drawn from the facts, communicated above, is the following: if the German commercial policy, concerning the importation of meat and cattle, and vegetable food-stuffs for men and animals, is not changed—and certainly it will not be—the price of meat will keep rising. It is impossible for the German Agriculture to satisfy the whole home want in food-stuffs at any tolerable price. When there are good harvests the meat price will rise but slowly; pork price will then perhaps fall a little. But after the next bad harvest the price of meat will rise to a higher level than it had ever attained.

J. ESSLEN

Munich.

BANK RESERVES

THAT *Ne quid nimis* is a motto which a banker above all men needs continually to keep in mind is absolutely true, but that the principle on which that sentiment is based should ever

be applied by a man of great prudence and experience in the way of recommending that the amount of specie held by a bank should not be increased seems *prima facie* most improbable, and yet this is the warning which M. Paul Leroy-Beaulieu, the well-known economist, has recently given to the governor and directors of that most steady and substantial institution, the Bank of France. The reason is this. An extension of the limit of the note-circulation of that Bank is desired, and it is sought for on the grounds that this extension will enable them to add to the amount of specie they hold. At the present moment the limit of the note-circulation is £200,000,000. An extension to £232,000,000 is proposed. Now extensions of the limit of a note-circulation have usually been made when notes uncovered by specie are required in a time of emergency and distress, but the reason which actuates the Bank of France is a totally different one. They desire to increase their note-circulation because if it is not enlarged they fear that they may be unable to pay out notes, and may have to pay out specie instead. The specie, even if it were gold, would be unwelcome to their customers. The sums which the Bank of France pays out in notes are often very large. Thus, in one week recently, between December 28th and January 4th last, the circulation moved upwards no less than £13,600,000, increasing from £182,600,000 to £196,200,000. We question whether any bank previously at a time of absolute calm has experienced such a demand simply to meet ordinary business requirements. In times of pressure and of crisis note-circulations have sometimes made very rapid movements, but the extension desired by the Bank of France was merely required to carry on the ordinary business of the country. The fact is that the work which in England is done by cheques is done in France by the use of notes of the Bank of France. The collections made by the Bank are often very heavy. Thus their transactions for the year 1905 state that "the largest receipt of the year in number of drafts was that of December 31st, 1904. It amounted to £5,673,160, representing 357,832 drafts presented at 90,390 dwellings." By far the greater part of this large sum must have been paid in notes, which must have formed part of the increased circulation referred to above.

The argument of M. Paul Leroy-Beaulieu goes far beyond the particular point we have indicated. He complains that the use of specie and the use of banknotes in France is much larger than that of any other civilised country.

France employs per head of population £4 10s. in banknotes, while England has barely £1. Of gold and silver France uses more than £7, the United Kingdom only about £3. The use of cheques in France, as he points out, is far more feeble than in England. The Clearing House (Chambre de Compensation des Banquiers de Paris), established some thirty years since, is still in its infancy. The amounts passed through were :—

1872-73	...	...	...	...	£42,240,000
1904-5	...	...	...	...	£411,040,000

Whilst the figures of the London Bankers' Clearing House were in round figures for the corresponding dates :—

1873	...	...	...	...	£6,000,000,000
1904	...	...	...	...	£11,000,000,000

M. Leroy-Beaulieu argues that the Bank of France should follow a different policy, should cease to amass such enormous sums of "barren metal," and that the use of cheques should be encouraged.

The difference between this state of things and that existing in England is absolute. Here we economise the use of the precious metals to the utmost; there, in M. Leroy-Beaulieu's opinion, the Bank is likely to be overwhelmed by an over-supply. As far as the Bank of France is concerned, we can hardly imagine his counsel is likely to be followed. It would be an absolute departure from the whole of its traditions, now extending over more than a century, if it made so violent a plunge. While the specie at the Bank of France is, in round figures, about £156,000,000, that in the Bank of England is, at the time of writing, about one-fifth of that sum, some £31,000,000. The whole of the amount held by the Bank of France ranks as an asset against the whole of its liabilities. The effect of the Act of 1844 on the accounts of the Bank of England is to make the amount available against all claims about £21,000,000. It is not desired in this place to criticise the working of that Act. All that has to be done is to state its effect. But the difference between the specie held and the amount of the reserve in both countries gives but a very incomplete explanation of the difference of the circumstances of trade between the two countries. In France demands of specie for export are in a general way far less sharp and far less frequent than those we experience. When these do occur they are met with much greater ease. Equally even a very large addition to the stock

Tax of 5*d.* in the £ on the dividends of the several banks on which it has been calculated. In some instances the second Income Tax, as it might be termed, would be considerably higher.

Besides supplying the cash which it is assumed would be kept at the Bank of England under a separate heading from the bankers' balances, a committee would have to be formed to confer with the Bank when necessary. Into these details, however, it is impossible to enter here. A primary suggestion is all that is possible. But one part of the task may also be outlined. How can bankers generally be induced to accept the idea? Might they not say, "What shall we get in return? The money we hold does not belong to us: it is the property of our depositors. We are simply trustees between them and our shareholders. We must do nothing that fails in justice to either. What should we get in return? The Government competes, and sharply, with us, and yet declines to aid. It undertakes, through the Post Office, the transmission of money, and every branch of business which is properly conducted by a banker, except that of making loans. It keeps absolutely no reserve against its liabilities, and maintains that it is not called upon to do so. Assisted by this great economy and the fact that it has great advantages in respect of the expenses of conducting the business, such as rent, fuel, and lighting, and a large part of the salaries of its clerks, besides which no postage is paid on conveying the pass-books and the correspondence ensuing, and no stamps are charged on the drafts used by the customer, it allows a rate of interest which at times bankers cannot afford, while they are met by their customers with the remark, 'The Government will pay us 2½ per cent.; of course you can afford to do so.' "

Surely if banks went to the heavy expense of establishing a second reserve, for the advantage not only of themselves but of their customers and the country generally—for such a second reserve would largely diminish the risk of a crisis in which labour would be the heaviest loser—compensation might be made under some of the heads in which the Government competes with bankers.

It is held by many, and I believe it to be true, that much of the business of the country is carried on now with a distinctly smaller individual profit than used to be the case comparatively recently. I do not mention this in the least in the way of complaining, but simply as an economic fact which appears to be

occurring, and of which it is well to take notice. If it is the case it is certain that banking will be no exception to the general rule, as it only thrives when other industries do well. Under these circumstances, to ask those who are carrying on a great business that they should undertake a heavy burden for the benefit at least as much of others as for themselves, seems hardly reasonable, unless some equivalent is given.

What that equivalent exactly should be can hardly be discussed here, but it may very fairly be put to the Government that they are at least as much called on to assist in the matter as other bankers, and on that score alone it is justifiable to look to them to aid in what is a matter of national concern.

R. H. INGLIS PALGRAVE

THE POOR LAW AND THE UNEMPLOYED

LATE in 1905 Mr. Balfour appointed a Commission to "consider how far the present powers of the Poor Law authorities are adequate to modern conditions," the scope of this inquiry to include "everything that pertains to the problem of the Poor," whether "poor through their own fault or through lack of employment." This being so, the task of the Commission will probably prove little less difficult than that of its predecessor in 1834, and the resulting legislation, if adequate, not unworthy of comparison with that of 1601 and 1834. The Elizabethan legislators had practically to create a system to replace the vanished feudal and monastic institutions, the men of 1834 to demolish a vast superstructure of abuses, and upon the old foundations to rear a new scientific edifice. The problems of to-day, though different, present immense difficulties, for the question of Unemployment, which was treated as of secondary importance in 1834, is now seen to be a matter of vital consequence. If the present over-congestion of the labour market and consequent distress among the labouring classes should, as is not unlikely, continue for a long period, mere temporary measures such as those adopted in 1832 are scarcely likely to prove efficacious. Moreover, be its defects what they may, our Poor Law system is admittedly sound in principle: and to its principles, therefore, legislation must conform. But with the question of Unemployment as such, the Poor Law does not profess to deal, and the chief work of the Commission will probably consist in supple-

menting it by some further system specially created for this purpose.

The object of the Poor Law being the suppression of Pauperism, it seeks to maintain at the State's expense those who cannot provide for themselves, and, by making this maintenance less desirable than that which the independent workman can provide for himself, to prevent the growth of a dependent pauper class. In these objects the system of 1834 has been generally successful, as is seen in the eagerness with which the Poor demanded State help before 1820, and their comparative reluctance to accept it to-day. It has been in many ways successful in reducing the numbers that come within the zone of Pauperism, and its repeal and radical alteration are out of the question. On the contrary, legislation dealing with the present crisis should be so conceived as neither to hinder its operation nor to abrogate its fundamental principles. But whilst the provision of work for the non-pauperised unemployed is outside its scope, the poverty in large towns, the general lack of employment, and the steady exhaustion of the resources of so many poor demand careful and immediate consideration. The crisis is proving too much for Charity, and it is doubtful if Charity is the right agency for dealing with it; and the only possible alternative seems to be provision by the State of some supplementary system. Otherwise we may well experience an increase of Pauperism due to lack, not as in 1834, to excess, of State-help; and some of the independent poor, if statistics are to be trusted, are being already forced back within the zone of Pauperism. From two sides the hardly-won independence of the labourer may be threatened—by a return to the disastrous methods of 1782 and 1795, or by famine and starvation.

Though the first danger has receded into the background, it might become serious under the stimulus of ill-advised legislation; but the primary and vital peril of to-day lies in the deterioration in the position of large sections of the working classes—the result of the existing stagnation in the labour market. Up till now, the Poor have held out manfully, thanks to economies, savings, and the pawnshop. But it would be foolish to rely upon the recent slight improvement in the labour market to bring about the absorption of the surplus labour; and such an existence, it is obvious, cannot last indefinitely. The continued abstinence of the State may maintain, if not accelerate, the increase of Pauperism, whilst its intervention might lead to a decrease. Thanks chiefly to the Poor Law, the independence of the poor is immeasurably greater than it was, but it cannot

endure for ever, if the means of sustaining life are wanting; and the result, due not to State pampering, but to State neglect, will be the same—Pauperism. It is not, therefore, reforms similar to those of 1834 that are most urgently needed to-day, and it is not with Pauperism as such, but with Unemployment that we are chiefly concerned. This latter question had, until recent years, been kept perhaps unduly in the background; and until the present crisis opened the eyes of the public, the task of dealing with it had been left to charitable agencies. These had, on the whole, proved equal to the task, among notable exceptions being the era of the Cotton Famine (1862-1864); but now they appear to be breaking down, and the ordinary machinery seems incapable of meeting the present distress, whence the necessity for some system to do for honest poverty what the Act of 1834 did for Pauperism.

Dealing as it will do with a different class of men, such a system will need other means and agents than those of the Poor Law. The latter is by nature repressive. Giving the pauper the necessaries of existence, it at the same time subjects him to obnoxious restrictions, so as to render his lot, if possible, less desirable than that of the poorest independent labourer. The new system, on the other hand, will be curative. Some provision, it seems, must be made for those who, after doing all that is possible for themselves, are still in need of assistance, unless we are content to see them fall again into the pit of Pauperism and dependence. What this provision will be will appear more clearly when all available evidence is collected. To some the riddle may appear insoluble; but at least we must attempt to solve it. Even granting that there is a pauperising tendency in any such system, it is but a possibility to set against the probability of an increase of Pauperism if relief is withheld. Care will, of course, be needed to safeguard the fundamental principles of the Poor Law, when any new system is being established, lest the neglect of such precautions should expose the labourer to temptations which would be fatal to his independence. To preserve this, both the repressive Poor Law system and some future creative system seem necessary, and we should probably endanger it, not only by withholding the latter, but by introducing it at the expense of the former.

This last difficulty, confining the creative work of the Commission within narrower limits, will render its task harder, but still not insuperable. A large number of experts are agreed in holding that the present condition of the Unemployed is

likely to be, if not permanent, at least of so long duration as to possess a quasi-permanent character. To meet such conditions, something in the nature of a permanent system is needed: for a resort to the successful but purely temporary measures of 1862-4 will scarcely be advisable, except as a palliative, or as a last resource. The task will be an arduous one: but this cloud has also its silver lining. As we have seen, there has been during the last seventy years a great improvement in the independence and self-reliance of the labouring classes. To preserve this must be the chief aim of the Commissioners, but the high level of excellence that has been attained will do much to lessen the difficulties that beset them. For, so long as the "fundamentals" of the Poor Law remain intact, far wider latitude may be permitted now than in 1834. The Commissioners of that time decided all doubtful cases against the pauper: those of to-day may, without risk of pauperising the independent labourer, frequently adopt a directly contrary attitude in non-fundamental cases. Moreover, direct legislation, if the most powerful, is not the only weapon in the hands of the Commissioners: and with a consideration of the means available, we may conclude this article: and first, of direct legislation.

This may be divided into two classes, amendatory and creative. As regards the former, the Poor Law, despite its fundamental soundness, has proved less perfect in practice than in theory, and occasionally untrue to the spirit of its principles. Its method of dealing with the Unemployable has been, to say the least, ill-advised: and hardship is often inflicted on the more deserving that come within its scope. Reforms are urgently needed, nor is it wonderful that after seventy years the system should need to be thoroughly overhauled. The chief legislative work will, however, consist of the provision of a supplementary remedial system for the Unemployed, one, too, that will care for the so-called "Unemployable" as well as for the *bonâ fide* Unemployed. What form this system will take it is perhaps scarcely wise to conjecture. To a large extent it will, no doubt, follow the lines adopted by the most successful of recent experiments, whether these latter have been adopted by public or private agencies. For it will be the duty of the Commission to examine all possible policies, good, bad, or indifferent: and not only to utilise the former, but to extract from the latter whatever elements of good and whatever sound principles they may contain. It possesses an unparalleled opportunity, since it will have the power of collecting and sifting a mass of evidence to

which as a whole no individual and no other body can gain access.

Legislation, however, will not be the only concern of the Commission. Much of the business of relieving poverty must always be left to non-State agencies, private, parochial, or organised. But it is doubtful if the forces of Charity can long continue to bear the increasing burden that is imposed upon them, for recently they appear to have made greater efforts than ever before. Their resources, however, have not been applied in the best manner possible, and so have not been utilised to the fullest extent. The various bodies have often persisted in acting in isolation, and some of them are openly hostile to one another, the result being a loss of time and money, and what is worse, of influence and prestige. Previous attempts at reconciliation and at co-operation have been but partially successful, so that the immense forces of Charity have been, comparatively speaking, scattered and ineffective. But the influence and authority of a public Commission might, if rightly used, do much to replace discord by harmony and war by peace. It might, too, unite the forces of non-State Charity and bring them into touch with one another and the State. Nor do the Commission's opportunities as an educator come to an end here. Not a few organisations and many individuals fail to distinguish between deserving and undeserving cases, between right and wrong methods of relief: and in this respect the State must, through the hands of the Commission, bring its example into line with its precepts. Its lack of wisdom is sometimes pronounced, and it is hopeless to expect from the individual a higher wisdom than that displayed by the State. There is thus open to the Commission a further and most important rôle as peace-maker, organiser, and educator. Much of the work of dealing with the Unemployed question may not indeed be suited to the hands of Charity, private or organised, but if the Commission can succeed in bringing it to the highest state of efficiency within its sphere, it will have accomplished an important work apart from any legislation it may originate and any reforms it may carry out. If in both objects it is successful, in this, namely, and in that of providing a supplementary Unemployed system, its work will indeed be remarkable.

Such a work will need a rare combination of qualities, and the Commission, like its predecessor in 1834, must not shrink from difficulties nor be dismayed by opposition, whilst it must remember that the time for dalliance has passed and the time for action.

arrived. It may not have undivided support from scientific or from public opinion, but, composed as it chiefly is of persons more or less aloof from politics, it will escape many of the entanglements that politics breed. Moreover, there is not wanting evidence that the public feels that the question of the Unemployed can no longer be shelved, even should the present crisis prove to be merely temporary. There is much to prove that the nation as a whole is with the Commission : and there is a general feeling that its appointment is necessary, and that its work will be beneficial.

N. B. DEARLE

THE "WORLD'S ECONOMIC EXPANSION" CONGRESS.

THE congress which met from the 24th-29th of last September, at Mons, in Belgium, to consider the world's economic expansion was an official congress. It was organised by the Government under the King's patronage in consequence of a royal proclamation dated February 17th, 1905. By the proclamation the Presidents of the Chamber of Representatives and of the Senate, and the members of the Ministry, were appointed honorary presidents. A council was also appointed, consisting of high functionaries, presidents of commercial and industrial associations, leaders of industry, and prominent men of business. M. Beernaert, Minister of State, was chosen to be acting-president. Although the congress was arranged on the occasion of the Universal Exhibition at Liège, it was decided to hold it at Mons, presumably because of the position of the latter as a great coal-mining and manufacturing centre.

According to the prospectus issued by the committee of organisation, by taking advantage of the influx of foreign visitors attracted by the Liège exhibition, opportunity was to be afforded to competent persons from different countries to exchange opinions on the different points arising from the ever-increasing economic contact among nations. Where occasion arose, the bases of such international arrangements as were demanded by the common interests might be laid down. It was even declared in the *Revue Economique Internationale* that the congress might open up the way for the creation of a kind of international economic Parliament.

Judging by the numbers who took part, and by the reports of its proceedings, the congress was a great success. The former amounted to 2,670, of whom about one-tenth were foreigners.

But the list is unquestionably incomplete and should, I believe, be more correctly reckoned at 3,000. The reports are not yet all printed, but already number nearly 300. Commercial, educational, and scientific institutions were well represented.

The congress was divided into six sections. Each member, although free to take part in the discussions of all the sections, was requested to enter his name under one section only. The sections were entitled :—I. Instruction ; II. International Statistics ; III. Economic and Tariff Politics ; IV. Maritime ; V. Civilising Expansion in the Direction of New Countries ; VI. Methods and Agencies of Expansion.

Section I.—This department, which was by far the most successful in proportion to the number of entries and reports, took as its programme, "How to adapt education to the world's economic expansion."

Section II.—"How to improve international statistics referring to industrial and agricultural production, to the valuation of natural wealth, to values in personal property, and to imports and exports."

The resolutions passed by this section took the form of a recommendation :—"The Belgian Government is called upon to take the initiative in summoning an international conference for the purpose of unifying mineral statistics. There is need also for an international convention to create a body of international statistics. And in the statistics of foreign commerce certain methodological reforms are desirable ; for instance, the methods followed should be pointed out, special commerce should be more precisely distinguished from general commerce, the movement of the precious metals should be indicated, and efforts, by way of international agreement, should be made to secure a uniform basis for measuring imported and exported commodities. All declarations of value should be made on a generalised system, without omitting to give official values where they exist. Further, the Belgian Government is called on to take the initiative in bringing about conferences between the heads of institutions of commercial statistics in different countries, as well as other conferences between the managers of labour bureaux in different countries, so as to measure the effective utility of the worker in different industries. Finally, it is required of commercial statistics that they should give information as to both the value and the quality of commodities."

Section III.—"Trusts, customs, unions, tariffs, and tariff disputes."

The papers covered a wide field, notably those on trusts. On this subject there was the greatest divergence of opinion. In the absence of agreement it was decided that the question of trusts should be settled by special legislation in each country. A recommendation was nevertheless signed in favour of a periodical census of the statistical services rendered by different countries, in order to get uniformity of method in the classification and statistics of customs and excise.

Section IV.—M. Beernaert presided at the debates of this, the maritime section. A resolution was passed calling for a diplomatic conference to establish a uniform system in the methods of gauging ships.

Section V.—“Explorers and methods of exploration.” Baron Descamps, Minister for the Congo, presided. A resolution was passed, and signed by twelve Polar explorers from different countries, calling for the formation of an international association to investigate the Arctic regions by organising scientific exploration. The King of the Belgians was requested to take the initiative. A further important proposition was adopted respecting the ethnographical investigation of countries newly opened up. It was decided to found an international Bureau of ethnography, with the mission of publishing inquiries, and of centralising and issuing information. A provisional committee was appointed. Steps were also taken to facilitate the registration of economic and geographical materials referring to every country. To this end it was recommended that museums, collections, and national document offices should be instituted. Further, it was resolved that the International Institute of Bibliography, founded by the Belgian Government in 1895, should be engaged to render international service in these matters.

Nor was this all. It was recommended that an international court of law be created, consisting of legal experts of different countries, to give opinion or arbitrate in international disputes respecting matters of civil or commercial law where individuals were implicated. The initiative was committed to the King.

Section VI.—“Means and agents of expansion: commercial travellers, shipping offices, &c. Private enterprise and official support. Consuls.”

The provisional analytical report does not allow us to get an adequate idea of the resolutions passed in this section. But we may mention one aiming at the improvement of consular representation.

Such are, in outline, the results of the congress. On certain

points a practical solution was attained. On many others the way to desirable reforms was opened up, or, at least, opinions were exchanged. So far, the congress would seem to have made, in Belgium at least, a very powerful impression on public opinion. It has committed to print an enormous mass of materials, very unequal in quality it may be, but which will unquestionably serve to clear up ideas and make ready the way for further progress.

LAURENT DECHESNE

ECONOMIC STUDIES IN ITALY.

THERE is no task more hopeless than that of generalising in some one formula the characteristic feature of one's own times. And yet, to define the essential qualities in the thought of Italy at the beginning of this century seems to present no insurmountable difficulties. The mind of Italy is to-day returning on its own steps, beating a retreat from the theoretical audacities in which it engaged itself so boldly in the past generation. This is a fact that comes out most clearly in the lofty regions of philosophy. A very decided reaction has set in from the days when Italian thinkers abandoned themselves eagerly to the new currents of positive philosophy, when a distinguished teacher of psychiatry announced the discovery of *Cerebro-Walt*, and when leading university chairs celebrated before frenzied disciples the saturnalia of atheism. On the one hand, it is true, the apologists à *outrance* of superstition and obscurantism have to some extent relaxed their ancient anathemas against modern positive science. But at the present day it is among the champions of knowledge themselves that we see a transformation being wrought. Mechanical determinism, dominant hitherto, is being superseded by the concept of free human initiative. The earlier idolatry for Spencer has given way to the worship of James and his semi-idealistic doctrines. And recently a writer of repute, Professor Villa, has had the courage to rehabilitate, if in somewhat muffled form, the hoary thesis of an immortal soul. Thus Italian philosophy no longer looks on the Church and its dogmas with systematic aversion. Across the abyss that yawned in other days betwixt the Vatican and the Accademia dei Lincei the younger generation is erecting a bridge, majestic and fantastic, over which enthusiasts predict that science and revelation will shortly pass fraternally arm in arm.

An evolution of a not very dissimilar kind, save in so far as the difference of subject makes it so, is revealing itself in the social sciences. We can remember how, about twenty years ago, when Germany was startling the world of science with the audacity of her sociological negations, the young intellects of Italy flung themselves into the new arena, and fought memorable fights on behalf of those subversive doctrines. In those days the dogmas of Karl Marx, spread abroad by a band of talented protagonists, were in our eyes sublime commentaries, and the enormities committed by Property were denounced with exasperated and tremendous oratory. But in these latter days a change has gradually come over all that. On the one hand, the wonderful development in our productive forces and the rise of our national economy have resulted in a notable increase in wages. Of this a striking instance may be seen in the fine work by Geisser and Magrini:—*Cenni storici e statistici sui salarii industriali in Italia nella seconda metà del secolo XIX* (Torino, 1905). At the same time the Italian Government, rousing itself out of its old and culpable inertia, has decided to initiate some sort of social politics, and to attenuate in some degree the horrors of our factories and workshops. And although, to tell truth, there have been hitherto carried out none but legislative anodynes, of doubtful efficacy, yet we may at least content ourselves with the knowledge that these do show a changed disposition in the Italian State with respect to the working classes. Elsewhere, there have been amongst us, during recent times, the most disastrous applications of the theories of the past decades. Italian workmen have not shrunk from translating theoretic abstractions into disorderly and vandalistic riots. Strike has succeeded strike like a chronic disease. The olden frenzy of a general strike has broken out again and again like a monotonous chorus, accompanied each time by violence and excess. Finally the unedifying spectacle took place of a "cannery" among railway servants, a method of combat which may prove plausible and harmless in agricultural or manufacturing industry, but when applied indiscriminately to the complexities of a railway system becomes a certain source of horrible disasters.

Now it is easy to understand how, when confronted by this barbarous and sanguinary application of social theories, the cultivated minds of the peninsula, instinctively alien to blood and violence, felt themselves dismayed and shaken in their convictions. And it is, I think, on this account that the former implacable revulsion of sentiment against property has given place

to feelings and doctrines of a very different character. At the present day Italian writers are being drawn ever more and more into a position substantially hostile to Socialism. Leaving the investigation of higher and more perilous problems, they are devoting themselves to more pressing and more practical questions. They are bringing a sagacious and verifiable criticism to bear on monopolies, privileges, and duties, whereby certain classes of society are assured of unfair advantages. They call for the fullest liberty in the relations of the circulation of wealth, and claim, as the duty of the State, only a slight intervention for the regulation of industrial hygiene, and for the protection of the weakest among the workers.

Hence, just as Italy, after her banquetings in the wine-shops of philosophic materialism, has now retired into the vestibule of the Church, so, after cutting wild capers at Socialist meetings, she now returns, a contrite penitent, to the austere temple of Liberty, and, on deserted altars, restores the ancient cult of Cobden and of Bastiat.

The genuineness of this movement is attested by two notable essays which, in these days, have come to enrich our economic literature. Those who will give their mind to the perusal of the fine *Manual* by Supino (a second edition of which has just appeared, a few months after the publication of the first) and of the bulky and most erudite *Trattato* by Graziani, will there find, expounded with consummate skill, the actual state of economic science and the economic situation, the views of the authors being practically Liberal, and in agreement with the theories of the classic school. Graziani's book deserves a quite special mention, in that it is the first treatise on Political Economy written in the Italian language since we attained political unity, and herein it bridges a gap painfully felt in our national literature.

With respect to systematic works on Political Economy we may not overlook the tenth edition, now published, of Emilio Nazzari's classic work, *Sunto di Economia Politica*. This first appeared in 1874, and, notwithstanding the many years that have elapsed, is still the best exposition of the elements of political economy that has been written in our language. We would record, besides, the recent Italian translation of Pierson's great treatise (Bocca, 1905), and of Gide's *Principes*.

But the intellect of Italy is to-day less occupied with general treatises than with monographs. Among these we may specially mention, in the field of pure economics, the important mono-

graph by Natoli on *Il principio del valore e la misura quantitativa del lavoro* (Palermo, 1906), giving a masterly and scholarly criticism of Marx's theory of value. Nor must we pass over the interesting essays by Giovannini, entitled *Il problema doganale e la scuola economica Italiana*, and Riccardo Cobden, *e la lega di Manchester*—containing an ardent defence of Free Trade—as well as a longer work on *Carlo Cattaneo, economista*, illustrating the doctrines of the great Lombardy thinker. Not less interesting essays are those by Carano-Donvito: *Sul calcolo delle perdite cagionate dagli scioperi* (i.e., on losses caused by strikes), and by Deganello on female labour in manufactures (*Sul lavoro delle donne nell' industria*). Worthy of note also is a paper by Graziani on Pellegrino Rossi.

But far more numerous are the publications bearing on the most salient and fundamental points in economics. Pre-eminent among these is E. Sella's fine work on *La speculazione commerciale e le crisi di produzione* (Torino, 1906), a study in the history of speculation and the theories relating to it, together with a review of its more striking and recent manifestations. The advantages of the economic function of speculation are estimated, it may be, with excessive optimism, and any limitations to it imposed by the State are too strongly condemned.

In his *Sindacati industriali* (Bari, 1905), Carlo Cassola has produced a truly excellent piece of work on trusts, in which, incredible as it sounds, he succeeds in saying ever so many new and interesting things on the best worn theme in the whole of political economy. By the acuteness of his observation, the cogency of his arguments, and a sagacious harmonisation of the deductive method with a conscientious reference to facts, Cassola's book is worthy of all praise, and can be recommended to foreign economists, who will be able to draw from it copious data and valuable teaching.

Worthy also of note on the same subject is Jarach's *Sui rapporti fra trusts e protezionismo* (Torino, 1905), in which he shows that trusts will only spring up in the soil of Protectionism—a thesis open to discussion when one thinks of British combinations thriving in an atmosphere of freedom, but one which the author very ably defends. Jarach has also written a clever statistical essay on the profits of Italian joint-stock companies.

Another work in course of publication on the same subject is Antonio Graziadei's inquiry into prices under a system of competition and trusts (*Saggio di una indagine sui prezzi in regima di liberta e di sindacati*). In this book the author studies the

improvement of price in the nitrate of soda produced in Chili, and the variations which it underwent in consequence of its conditions of production shifting from free competition to trade monopoly. Thanks to this work, the ever-recurring question of the influence of trusts on prices may at length be discussed on an immense basis of facts, perseveringly collected and vigorously co-ordinated, and thus lead to a positive conclusion so much desired by all students.

If the foregoing writers have investigated the more hostile and greedy factors in political economy, "there comes me" now another distinguished youth studying economic egoism on its worthier and more sympathetic side. This is Professor Giovanni Lorenzoni, whose book, *La co-operazione agricola nella Germania moderna*, throws the rays of theoretic inquiry on to an enormous mass of materials, patiently collected and wonderfully co-ordinated. Then, too, there is Scherma, who has recently brought out the first volume of his erudite *Teoria economica della co-operazione* (Palermo, 1905).

It is no wonder that, in an age like ours, when questions of colonial expansion are more than ever agitated and debated, there should be no lack of publications on this subject. Italy, coming later than other nations into the arena, has the good fortune to present herself armed with a really masterly work on such matters. I allude to Marco Fanno's *L'espansione commerciale e coloniale degli stati moderni* (Torino, 1906), a book which far exceeds all its predecessors in this field, and the advent of which attains to the importance of a genuine scientific event. In it we leave the field of simple monographs compiled with accuracy and conscientiousness, such as we have been considering above. This work is one of broad maturity, the fruit of studies tenaciously pursued for many years, and of a long residence in England, where the author availed himself of the scientific treasures amassed in the British Museum, and the libraries of Liverpool and Manchester. The profundity of Fanno's discussion of the general laws of the economic expansion of peoples, on the rise and fall of nations, on the alleged decadence of the Latin races, cannot be stated here even in outline, but I do not hesitate to maintain that they constitute a valuable contribution to political economy and to the philosophy of history, and bestow a most opportune impulse and support on the study of colonial evolution.

On similar lines, but with a more restricted scope, are Grossi's *Storia della espansione coloniale nel Brasile* (Roma, 1905), and

G. B. Penne's *L'Africa Italiana* (Roma, 1905). In the latter we find a very graphic description of the economic conditions of the Italian colony of Eritrea, and a shrewd and truthful criticism of the agricultural and legislative experiments carried out in that country, with scant wisdom, by the Italian Government.

Among works illustrating particular aspects of economic life in Italy, we may record : (1) the studies by Nitti on *Ricchezza privata dell' Italia* (Torino, 1905), in which the attempt is made to determine the amount of wealth in different parts of Italy, in order to compare the preponderance of wealth in the North as against that of the Centre and South ; (2) the work of Sensini on *Le variazioni dello stato economico d'Italia nell' ultimo trentennio del secolo XIX* (Roma, 1904). In this the attempt is made to derive the entire increment or decrement in the economic well-being of Italy from the variations in commercial policy between Free Trade and Protectionism. Scalise has a clever work on Calabrian emigration (Napoli, 1905). And Tenerelli, in an interesting *brochure*, comments on the unlucky experiment in municipal bakeries at Catania.

In statistics, besides Benini's noteworthy *Manual*, we have to mention a clever work by Coletti, *Sul valore delle cifre nelle statistiche del commercio internazionale* (Roma, 1904) ; also two excellent essays by Bresciani, illustrating, and sagaciously commenting on the latest results of statistics of incomes in Prussia.

In matters of finance we may mention an excellent book by Flamini on English budgets, one by Carano Donvito on *Sistemi finanziari*, one by Pick, *Verso la giustizia tributaria*, one by Tangorra, on *Teoria delle spese pubbliche*, but more especially the monographs by Ruffini and Jannaccone on special taxes, and that by Flora on the conversion of national debt. Nor are there wanting noteworthy writings of a sociological nature, such as Boggiano's *L'azione dello Stato nel conflitto degli interessi collettivi e individuali*, Guarnieri Ventimiglia's *Il conflitti sociali*, Groppali's *Trattato di Sociologia*, &c.

On the other hand, there has been a complete lack in Italy, during recent years, of any sort of scientific output in the Socialist camp. The whole intellectual activity of the party is drained at present by the publishing of propagandist literature, or of articles on practical questions of tactics and organisation. Only now and again do we hear of some theoretical compilation, usually a restatement of defence of Marx's theory of value, or some critical work on the enormities and deficiencies in our law

on labour contracts. Nor is there greater fertility among Christian Socialists, who have recently been beating up recruits among our ambitious youth, crowded out of the ranks of Radical Socialists, and who have highly gifted leaders like Father Murri.

On matters of practical policy Socialism proper is split up into little groups—revolutionaries, reformers, *syndacalisti*—wrangling together without effecting any result. Christian Socialism, although its affirmations have a bolder sound, is in reality the faithful ally of the capitalists, to whose profit it organises troops of “blacklegs” to replace strikers, as soon as a strike is announced.

If, however, the direct practical influence of Italian Socialism is dispersed, or tantamount to nothing, it cannot be denied that it exercises a perceptible indirect influence on our politics. The implacable denunciations with which our Socialists have scourged the shame and the ineptitude of our administration, could not fail, sooner or later, to rouse those who govern us from secular torpor, and drive them to carry out some beneficial reforms. It was thus that the vehement criticisms of Socialist prophets on the recent murder of Granmichele in Sicily drew the attention of Government to the tragic acuteness assumed by the conflict of classes in the South, and to the necessity for placing a curb on the exactions and oppressions due to the ruthless greed and avarice of the *bourgeoisie*. The revelations of comfortless poverty afflicting the Calabrians, which stood out in all its distressing bareness during the recent earthquakes, and the cry of horror that went up from the Socialists at the clumsiness of the Government over the work of relief, have made very sensibly felt how necessary it is that the administration of home affairs should make large provision for the miserable condition of those districts. Finally, our legislation regarding labour, the nationalisation of railways, the reform, from a democratic point of view, of municipal finance, the conversion of the national debt—all these reforms, some of them completed, some on the road to completion, have been started or matured by the gadfly of Socialistic criticism. That criticism plays, therefore, more than ever a truly providential and beneficial part in southern countries of the Latin race, where a favourable climate and consequent facile pleasures of material existence accustom both citizens and Government to tolerate every kind of domineering, thus preparing the way for those events that darkly threaten the greatness and the very life of nations.

THE LONDON UNEMPLOYED FUND, 1904-5. REPORT OF THE
CENTRAL EXECUTIVE COMMITTEE.

THIS report describes the experiment conducted in London during the winter of 1904-5, and usually known as "Mr. Long's scheme." The method was, as a matter of fact, borrowed from that adopted by the Mansion House Committee during the previous winter. As the Unemployed Workmen Act perpetuates the scheme, the lessons to be learnt from this frank and conscientious report are of the utmost importance to those who wish to follow the new legislation.

It has long been a commonplace that classification is the first essential for the effective treatment of the unemployed. The report shows very clearly how great has been the advance due to realising this truth. After dismissing those who could not stand the test of regular work, the unemployed fall roughly into two distinct classes; those who have little chance of ever again obtaining a sure foothold in the ranks of industry, and those whose trade may be expected to sooner or later revive. The former, if they are to be permanently assisted, must be helped into a new trade; the latter merely need to be tided over the period of slackness. Although the report does not clearly enunciate this distinction, the experiments which it describes correspond to it. The chief interest of the colony at Hollesley Bay lies in the attempt to train men to the new occupation which usually suggests itself the first—work on the land. Those who seem to possess strength and ability for agricultural work are tested by two periods of probation. During the first, which lasts three months, they live at the colony, and their wives and families are supported in London. If the men prove their capacity, agricultural rates of pay are adopted, while their wives and children are brought down to the colony, settled in cottages, and trained in country ways. Those who pass through this second period of probation have situations found for them as agricultural labourers, or as market gardeners, while to the picked men there is held out the hope of being established in small holdings. Unless, however, there is a revival of agriculture in this country, there seems little possibility of drafting large supplies of additional labour on to the land at home. If, therefore, the experiment is ever extended on a national scale, the men will probably have recourse to colonial rather than to British soil. Accordingly, a special emigration committee was formed, and through its agency forty-two families were sent to Canada. As a number

if these had been¹ trained and tested at Hollesley Bay, it will be seen that many of the proposals put forward by Mr. Rider Haggard in his report and scheme for "National Land Settlement,"¹ have already been adopted. The experiment, however, is being conducted by a body which is likely to command more confidence than the Salvation Army, to which he proposed to entrust it.

The other colonies and relief works were intended mainly for the second group—those who have a trade which will ultimately absorb them again, and who only need to be helped over the period of depression. A number of casual labourers were indeed admitted, but, as the Committee itself lays down the principle that "temporary work will have no appreciable value" for those "with little or no prospect of regaining ordinary employment,"² we doubt the wisdom of allowing them to fill places which might have been taken by those who were more likely to profit by the aid.

It is in this group of colonies and relief works that the most perplexing difficulties present themselves. The provision of work for the unemployed means charity. This truth, emphasised by experiment after experiment, impresses itself on one throughout the accounts of the latest scheme. In the largest piece of work undertaken, for example, the clearing of the ground round the new County Asylum at Long Grove, the wages amounted to over £9,000. But we find in the report an enlightening dispute with the Asylums Committee of the London County Council as to whether the actual value of the work performed was measured by £1,000 or £2,000.³ The usual difficulties involved in charity have, therefore, to be met. How can it be ensured that assistance is sought only as a last and not as a first resource? One method upon which the report lays much stress is that of thorough investigation into the circumstances of each applicant. This is indeed essential, but the present writer ventured to point out, when discussing the Unemployed Workmen Bill in this JOURNAL,⁴ that the task was so difficult that we could scarcely expect the committees to be very successful in performing it. The report confirms this doubt. The Classification Committee points out that "investigation has varied greatly in its completeness. . . . Occasionally these duties seem to have been somewhat perfunctorily performed, and detailed responsibility has been sometimes left unduly on the shoulders of those already

¹ See the "Report on the Salvation Army Colonies in the United States, and at Hadleigh, England, with Scheme of National Land Settlement by Commissioner H. Rider Haggard." (Wyman & Sons, 8½d.)

² P. 43 of Report.

³ Pp. 52, 53, and 143 of Report.

⁴ June, 1905.

sufficiently taxed with their ordinary official duties.”¹ The reports of the Works’ Committee and the Emigration Committee also make it clear that investigation alone is not to be relied upon.

The only other possible method seems to be the adoption of some sort of automatic test. Hence we find the committees attempting to enforce the principle that the position of those assisted should be less eligible than that of the independent labourer. Here, however, they are met by a dilemma. Most of the applicants for assistance naturally come from the poorest class of workmen. If their standard of life on relief works is to be appreciably lower than at their ordinary employment, it will not be high enough to maintain their physical vigour. There arises, therefore, a problem at present unsolved—how to make the conditions of the relief works less attractive than those of their ordinary work without diminishing their material comfort. One of the greatest uses of such carefully watched schemes as those described in this report is that they offer opportunities for devising experiments to achieve this end. The method at present most in favour we would describe as the *labour colony test*, originally adopted by the Mansion House Committee in 1902. The work is provided at colonies far away from the attractions of London, the men are separated from their families, they are subject to certain restrictions, and the wages are paid not to them but to their wives in London. The Committee conducted colonies of this kind at Hadleigh, Garden City, and Hollesley Bay. But the only discussion of how far the conditions were a deterrent is in the account of the colony at Garden City. Here the Clerk of the Works reports that “the majority of the men, I think, preferred their ordinary employment, as they would then be at home and have home comforts.”² But this preference could not have been very strong, for we read a few lines further on that “men going on furlough, in my opinion, did not use their time in looking for work. There may have been a few who did, but the majority seemed to look upon it as a holiday.” In the Mansion House scheme, also, the labour colony test was not found effective enough for its purpose. Here, then, is the crucial difficulty of unemployed relief. As it has not yet been overcome, either by investigation or by an automatic test, it will be seen that we are still far from a solution of the problem. But to clearly define the difficulty is, in itself, a considerable advance.

H. B. LEES SMITH

¹ P. 83 of Report.

² P. 69 of Report.

RECENT OFFICIAL PUBLICATIONS.

Report of the Departmental Committee on the Fruit Industry of Great Britain. [C^d. 2589.]

THE progress and the difficulties of the industry justify the recommendation that a special sub-Department of the Board of Agriculture should be established to deal with the fruit industry.

Report on Trade Unions in 1902-4. [C^d. 2838.]

THE membership (slightly diminishing in recent years), the expenditure, income, and funds of all—and of the principal—Trade Unions are set forth in words, charts, and tables.

Report of the Royal Commission on Trade Disputes and Trade Combinations. [C^d. 2825.]

THE Majority Report, signed by three members, makes important recommendations. Memoranda on The Civil Action of Conspiracy and on “Allen v. Flood,” by Mr. Arthur Cohen, are concurred in by four other members. Mr. Sidney Webb, in a separate memorandum, protests against the assumption that organised struggles between employers and workmen are the only method of settling the conditions of employment.

Forty-ninth Report of the Registrar-General of Births, Deaths, and Marriages in Scotland. [C^d. 2794.]

THE birth-rate for 1903 is the smallest on record.

Report of Marriages, Births, and Deaths registered in Ireland during the year 1904. [C^d. 2672.]

THE birth-rate, the marriage-rate, and the death-rate have all slightly risen.

Copy of the Report made in 1834 by the Commissioners of the Poor Laws. [C^d. 2728.]

A USEFUL reprint of a celebrated document.

Supplement to the Forty-eighth Report of the Registrar-General of Births, Deaths, and Marriages in Scotland. [C^d. 2790.]

A DECENNIAL *résumé* of vital statistics. The determination of mortality in different occupations is accompanied with a statement of "probable error" due to Professor K. Pearson.

Variations in Indian Price Levels since 1861, expressed in Index Numbers. By J. A. ROBERTSON, Government of India Department of Commerce and Industry.

AN important report, both practically as showing the trend of prices in India, and theoretically as exemplifying the use of an unweighted index number.

OBITUARY

PROFESSOR NIELS CHRISTIAN FREDERIKSEN.

THIS Danish political economist and politician was born March 23rd, 1840, on the Island of Lolland, and died at Copenhagen on November 4th, 1905. He was a student of the Copenhagen University, where, in the summer of 1862, he took his degree in Political Economy.

In 1865 he was appointed "Docent" (Lecturer) in Political Economy, and in 1867 Professor at the Copenhagen University; wrote political and economical articles in "*Fædrelandet*," and other papers. In 1866 he was elected a member of the Folkething, the second chamber of the Danish Parliament, retaining his seat till 1877. In the Folkething, with some colleagues of the same opinions as himself and some able peasant-representatives, he formed the so-called "Mellem" party (middle party), which aimed at economical reform, but was gradually absorbed by the "Left" (the Liberal party).

His principal works are *Om almindelig Formue og Indkomstskat* ("On General Tax on Property and Income") published in 1869. *Den politiske Økonomis Begreber* ("On Principles of Political Economy"), published in 1874. He went into business, and bought up large tracts of land in Sweden and Denmark to carry on large agricultural and industrial operations, but the business turned out a financial failure, and collapsed in 1870. In 1877 Frederiksen sought his fortune in America, with little better

success. After some years he returned again to Europe, and divided his time between London, Paris, and Copenhagen, occupied in pushing his various schemes, economic, political, and commercial. He was an ardent champion of Free Trade. He wrote a well-known book on Finland, presenting its claims against Russia in the light of geographical and historical facts. He was a constant contributor to *Le Courrier Européen*. He was well known personally to many members of the Royal Economic Society, who had hoped for him a long career of useful work.

H. L. BRÆKSTAD

THE DEATH OF GEORGE JACOB HOLYOAKE.

On Monday morning, January 22nd, 1906, the veteran Chartist, journalist, co-operator, and reformer, Mr. Holyoake, died at his residence, Eastern Lodge, Brighton. Born at Birmingham on April 3rd, 1817, two years after the battle of Waterloo, he was eighty-nine years old at his death.

The son of a workman, he started in the workshop himself at an early age and acquired the trade of a whitesmith, helping his mother to make buttons in his spare time. Studious by nature, he attended the Mechanics' Institute at Birmingham, gained prizes, and became a teacher in mathematics. The "Condition of the People Question," which became so serious after the Napoleonic wars, attracted the youth's attention, and coming under the spell of Robert Owen at one of his lectures at Birmingham, Mr. Holyoake embraced Owenism with its proposals for regenerating the social and industrial world. This was the beginning of his struggle for freedom. As an Owenite missionary he preached doctrines concerning the production and distribution of wealth, which alarmed those responsible for the commercial and industrial life of the country, and advocated a "rational religion," which brought against him the whole machinery of the established creeds. When lecturing at Cheltenham on Home Colonies (or Garden Cities) he was questioned as to his theological views and his answer caused him to be tried for blasphemy, and notwithstanding his vigorous speech of nine hours' duration, in his own defence, he was sentenced to six months' imprisonment. On his release he returned to the same town and repeated his statement in public, but no action was taken.

His next great struggle with the authorities was over the

tax on newspapers. The Society for the Repeal of Taxes on Knowledge decided to test the question, and Mr. Holyoake agreed to, and did, publish unstamped newspapers—incurring in consequence fines amounting to £600,000, which he gravely offered to pay at the rate of a shilling per week. The repeal of the Act soon after ended the prosecution. In 1860 Mr. Holyoake became secretary of the British Legion which went out to help Garibaldi in his struggle for Italian freedom.

Throughout his whole career Mr. Holyoake remained a staunch friend of the Co-operative Movement. No single man has had such an influence in extending it. To his books, "The History of Co-operation" and "The History of the Rochdale Pioneers," may be traced, I believe, the formation of more Co-operative Societies within twenty years after publication, than to any other factor. The influence of these books extends beyond our own country. They have been responsible for the formation of Co-operative Societies in all parts of the world. He was in a special degree the friend of Co-operative Production, more particularly the Labour Co-partnership branch of it, and he warmly advocated the extension of Labour Co-partnership amongst private firms.

In the preface to the second volume of his "History of Co-operation," he says, "What an enduring truce is to war, Co-partnership Co-operation is to the never-ceasing conflict between Labour and Capital." Again, he describes "Co-operation as the corrector of the excesses of competition in social life.

On reviewing his life one cannot help being impressed with the extraordinary variety of the movements in which he took an active part, and the marvellous energy and industry he displayed in them all. Up to within a few weeks of his death he worked incessantly. Frequently within recent years at the Crystal Palace Co-operative gatherings, or at the Co-operative Congress, within a few minutes of his having made a vigorous speech on some subject before the meeting, one would find the grey-haired veteran in an out-of-the-way corner, industriously writing or reviewing the proofs of a new pamphlet or book. In his capacity for work on a variety of subjects he resembled Mr. Gladstone. Mr. Holyoake did not display the scientific or logical mind in his writings or speeches. He sought to prove his contentions by drawing upon a variety of illustrations, facts, and maxims, of which his extraordinary memory enabled him to acquire a good supply. This method made his writings and speeches entertaining to the popular mind, but the strict logician was not always satisfied with the reasoning.

During his career he had the friendship of many of the great personalities of the nineteenth century, Robert Owen, Mazzini, Garibaldi, John Stuart Mill, George Eliot, Cobden, Harriet Martineau, Herbert Spencer, and others. His writings sparkle with humour, and contain much wisdom.

It is, however, as the advocate and historian of Co-operation that he will be longest remembered. This is the part of his life's work he was most proud of, which is not surprising when we remember that he watched by the cradle of the movement over sixty years ago; he defended it in the days of its adversity; he more than any other single man helped to extend it, and he saw it reach the great position it occupies to-day.

HENRY VIVIAN

CITY NOTES.

We receive the following City Notes from "R. G." :—

The Money Market.—As was the case three months ago, the condition of the money market is disturbed and apprehensive. The Bank of England has been able to pull through the winter with no higher a rate than 4 per cent., but at different times it has had to resort to strong measures to keep the open market up to its level and prevent the gold reserve being unduly drawn upon. Latterly also it has been aided, as it always is during the closing months of the financial year, by the accumulation of revenue money, owing to the large collection of income tax. But in spite of all the reserve is barely sufficient, and could not be drawn upon to any material extent without an advance of rates, while the state of the Paris Exchange is also such as to threaten the possibility of withdrawals at any moment. As before, too, the causes operating on the market are largely political or semi-political. French bankers are apprehensive on account of the troubles in Russia, which forbid the issue of a Russian loan, although the Russian Government is sorely in need of a resort to credit; and the apprehensions of French bankers are shared by the banking communities in every Continental centre. The Moroccan imbroglio exerts an influence of the same kind. So long as these causes of apprehension continue, the money market cannot but be sensitive, while the condition of speculative operations in the United States is an added difficulty. The market cannot return to a normal state until the political horizon is clearer. The improvement in trade, it may be added, has a more satisfactory

effect on the money market. It tends to make money dearer than it would otherwise be, but in the first stages of improvement not excessively dear. But for the political apprehensions there would be a great boom in business at the present moment, of which firmness in the money market would be a welcome sign.

The Business "Boom."—The year 1905 closed with every sign of a general improvement in business, almost the only exception being the building trades, which do not synchronise with the other main industries of the country in their periods of adversity and prosperity, but follow after the others as a rule. The exception accordingly does not mitigate the satisfaction with which the return to prosperity in business after a long time of slackness is witnessed. Although the improvement is by no means confined to the foreign trade, it is conspicuously manifest in that department. The exports of British and Irish produce in 1905 amounted to no less a sum than £330,000,000, being an increase of 29 millions compared with the previous year, and of 39 millions compared with 1903. These figures have also been succeeded by wonderful sums for the first month of the present year. The total exports for that month are 31 millions, the increase on the previous year being $5\frac{3}{4}$, and on 1903 being $6\frac{3}{4}$ millions. In other words we are back to the old times of 1862–64 and 1870–73, when foreign trade increased its volume by leaps and bounds. Naturally such figures have been largely made use of in the General Election which was going on during their publication; but quite apart from their bearing, or alleged bearing, on the fiscal controversy, there is cause for real satisfaction with the evidence furnished of the vitality of English trade.

Foreign Countries and Colonies.—We referred three months ago, on the figures for the first three quarters of 1905, to the evidence supplied as to the increase of our foreign trade being mainly an increase of our business with foreign countries, and not specially of our business with British colonies and possessions. This has a bearing on a point which has been made in the fiscal controversy, comparisons having been instituted of the growth of our trade with colonies and foreign countries respectively, with the object of showing that but for our colonies our foreign trade would have remained undeveloped. Whatever may have been the case in former years and periods, it is evident that lately the

growth has been with foreign countries and not with our colonies. It is now possible to supplement the figures for the first three quarters of 1905 with those for the whole year, which are as follows :—

EXPORTS OF BRITISH AND IRISH PRODUCE TO FOREIGN COUNTRIES AND BRITISH COLONIES AND POSSESSIONS COMPARED IN 1903-5.

Year.	To foreign countries. Millions.	To British colonies and possessions. Millions.	Total. Millions.
1903	£180	£111	£291
1904	189	112	301
1905	216½	113½	330

Thus in the three years our annual exports to British colonies and possessions remain stationary, or nearly so, at 111 to 113½ millions, but the exports to foreign countries increase from 180. to 216½ millions, or 20 per cent. ! The figures really belong to an old controversy as to trade following the flag, and only show how great the fluctuations are in short periods in the proportions of our foreign business as between foreign countries and British possessions respectively. Most probably there will be figures some day to prove that it is the business with British colonies and possessions that is going ahead; but no conclusion should be drawn from a comparison for short periods only as to what the permanent movement really is.

South African Shares.—The King's Speech and the declarations of the Government on South African policy have had a specially depressing effect on the South African mining market, while assisting a little the general uneasiness in the money market. The Government has declared a policy adverse to the employment of Chinese labour in the mines, for which it has been claimed that a great improvement in the South African mining industry is the result; and it has also been intimated that responsible government will shortly be set up in the Transvaal and Orange River Colonies, which gives rise to the fear in some minds that political conditions will shortly be less favourable to the South African mining industry than they have been. We can only note here the impression of the markets, and that the selling of South African shares has been quite general by Continental holders, as well as by holders in this country. The rights and wrongs of the Government policy in itself are quite a different question. It is fair to add, also, that market opinions may be ignorant and

ill-informed, or manipulated for the purpose of political effect. It is one of the great misfortunes of our South African entanglement that nothing can be done there without affecting party politics here. It is likewise to be noted as another unfortunate result of the South African entanglement that among the chief sufferers by the fall in the mining shares are small investors at home, upon whom the African millionaire has succeeded in "unloading" largely his very speculative securities. It would have paid some South African speculators to get Chinese labour for the Rand even for a time, in order that they might "unload" while the arrangement lasted, although they feared it might not be permanent.

Russian Embarrassments.—The revolutionary agitation in Russia has quieted down during the last three months, the army having got the better of the revolutionists where they were most threatening; but the revolutionary spirit appears to survive, and no one is sure that troubles may not soon return. Meanwhile the financial embarrassment of the Government becomes more and more acute, and at the time of writing (end of February) there are serious rumours of a suspension of specie payments and of a resort to drastic measures to support the finances, among which mention is made of the sequestration of ecclesiastical property. What the exact position may be, and what measures precisely are in contemplation, is not certainly known, and cannot easily be known in the absence of a Parliament where proposals could be publicly stated and discussed; but that Russia is nearing the rocks in its finances seems to be admitted by the Government itself. Probably the present is the critical moment, and if the revolution is stayed improvement may now begin. Until now the Russian Government has had to face the liquidation of the war, involving the repatriation of enormous forces, which is about as expensive a process, it would seem, as the original mobilisation. It has had to do this, moreover, with a large part of its usual revenue, though by no means the whole, stopped on its way to the Treasury, and with the facilities for borrowing which it enjoyed till last year equally stopped. What has happened then is that the interest on its foreign debt and other liabilities coming due abroad have been met by drafts on the gold reserve in St. Petersburg, and certain payments have also been made at home out of the same fund in order to keep the machine of government going. The pressure has been daily becoming more severe, and the exhaustion of the reserve is threatened. Hence the talk of

suspending specie payments and of drastic measures. But the worst ought to be nearly over. The army must soon be down to a normal peace footing; and the ordinary revenue, notwithstanding its enforced reductions, should be about sufficient to carry on. The main sources of the revenue are the indirect taxes (chiefly the spirit monopoly), the railway receipts, and the Customs duties on imports, but although there has been a temporary interruption of the payments on these heads, the Russian people as a whole have been little impoverished, and the annual yield ought not to be far short of the normal. To put the matter brutally, the Russian people will not drink less in a time of revolution than they otherwise would. The financial difficulty may even prove in the end to have been a blessing in disguise to the people, putting an end to much expenditure by which they did not benefit, and giving them a temporary relief from taxation. But there can be no question of financial disaster in a country with such great resources, if the spending departments only pull up in time, and the money that is spent is directed to the benefit of the people and the development of their resources rather than to wasteful adventures. A real history of Russian finance since the war would be invaluable to the financial student, and it may be hoped some member of the Russian finance ministry will tell the tale before long.

Budget Prospects.—In the absence of the estimates for next year it is useless to speculate as to what Mr. Asquith's first Budget will be, but the general conditions of the problem before him are not without interest. He succeeds to a high expenditure which is not reducible at once, a point on which he has already uttered words of caution that have been needed. At the same time the improvement of trade heralds an improvement of revenue, which will be a favourable condition for budget-making if serious economies in expenditure are found to be practicable. If not this year, therefore, then in a year or two, if political circumstances continue favourable, Mr. Asquith seems likely to have his opportunity. The normal increment of revenue in this country is much greater than we have lately been accustomed to. It has often been at the rate of 2 or even 3 per cent. per annum, and a little over 2 per cent. per annum, with the annual revenue at £140,000,000, means an addition of about £3,000,000 a year. Two or three years of such additions, if they are not swallowed up by new expenditure, will obviously mean a great deal—still more if they are accompanied by actual diminutions of expenditure. Mr. Asquith

is fettered by promises, or half-promises, of some members of his party that the tea and sugar duties will come first in order for reduction, and he has himself spoken strongly against the coal tax, so that he is practically engaged to deal with it at an early opportunity. He is also under a strong pledge to re-establish a big sinking fund. But notwithstanding such half-engagements he will have a free hand on the whole, and it may be hoped he will improve his position by taking a wide view of our financial circumstances, and introducing some modifications in our scheme of taxes. There is, moreover, one great opportunity before him, if he has the courage to seize it—the restoration to the Exchequer of about £11,000,000 annually derived from Imperial sources of revenue, and paid over to the local authorities of the country, who are thereby encouraged to financial extravagance. To deprive local authorities of this fund would conduce more than anything else to local financial economy now so much needed, and would enable Mr. Asquith to re-establish the sinking fund, as well as make other improvements. We shall see what we shall see. But no one depends more than the Chancellor of the Exchequer on political circumstances of an unexpected kind, and in the immediate future there is only too much to apprehend.

R. G.

CURRENT TOPICS.

THE Labour Representation Committee has decided to emphasise the fact that its members form a distinct party, independent of both Liberals and Conservatives, by changing its name to the Labour Party. The party has now thirty members in the House of Commons. Of these one belongs to the Social Democratic Federation and fifteen to the Independent Labour Party. The latter body was formed in 1892 to preach Socialism from a less uncompromising standpoint than that of the Social Democratic Federation, a Marxist organisation, and must not be confused with the Labour Party. It will be seen that a majority of the new party are avowed Socialists. Mr. Keir Hardie has been elected as its leader, with Mr. D. J. Shackleton as his deputy. There are also twenty-nine Liberal Labour members, of whom thirteen are miners.

THE President of the Local Government Board has appointed a departmental committee to inquire into the methods on which

local authorities in England and Wales keep their accounts. The committee is to report upon—(1) The system on which the accounts are being kept at present; (2) The system on which they should be kept (the committee is to give particular consideration to the question whether or not such accounts should be prepared on a system requiring the entries of receipts and payments to be confined as far as possible to actual receipts and payments of money); (3) The regulations which should be made on the subject, regard being had to the necessity for showing accurately the amounts raised by local taxation, and the purposes for which they are applied. Mr. Walter Runciman, the Parliamentary Secretary to the Local Government Board, is to be the chairman of the committee.

A ROYAL Commission has been appointed to inquire into the Canals and Inland Navigation of the United Kingdom, and to report on their present condition and financial position, the expediency of canals being made or acquired by public bodies or trusts, and other matters.

MR. W. H. DAWSON, in a letter to the *Times* (January 3rd, 1906), points out that a Bill at present before the German Reichstag contains a suggestion which, if extended, might ameliorate one particularly galling aspect of the pauper alien question. He proposes an international agreement by which, just as within most countries one Poor Law union is responsible to another for its own legal paupers, so one State should bear the cost of those of its subjects who fall upon the public funds of other countries. He does not consider that it would be impossible to devise safeguards which would prevent any danger of robbing political offenders of the right of sanctuary which they at present enjoy within our shores.

THE world's output of gold in 1905 (according to the *Engineering and Mining Journal of New York*, quoted by the *Economist* for January 20th) was over £75,000,000; the largest total on record, four times as great as that of twenty years ago.

THE subjoined statistics of the weekly wages of workpeople (males) in Hungary (given in vol. vi. of the Hungarian Census) may be contrasted as to the average, and compared as to the dispersion about the average, with the statistics of wages compiled

by Sir Robert Giffen to which reference was made in the *ECONOMIC JOURNAL*, vol. v., p. 673.

				Per cent.
5s. and less	...	...	...	15·0
Over 5s. 0d. up to 6s. 8d.	...	...	...	8·7
„ 6s. 8d. „ 8s. 4d.	...	...	...	13·6
„ 8s. 4d. „ 11s. 8d.	...	...	...	26·3
„ 11s. 8d. „ 16s. 8d.	...	...	...	27·5
„ 16s. 8d. „ 25s. 0d.	...	...	...	7·7
„ 25s. 0d. „ 33s. 4d.	...	...	...	0·9
„ 33s. 4d. „ ...	...	...	...	0·3
				<hr/> 100·0

At the great meeting which was convened at Berlin last January to demonstrate and promote good feeling between Germany and Great Britain, Professor Walter Lotz expressed with much spirit the economic argument in favour of peace and goodwill. He showed how the two nations had contributed to each other's progress and prosperity. If England had taken the lead in practical agriculture, Germany had made an ample return by the discoveries of Liebig. England was the classical land of labour protection and organised relations between employers and employed. But England had learnt much from Germany with respect to education, national and technical. The two nations were also mutual benefactors as being very good customers of each other. The speech, which was printed in the *Münchener Neueste Nachrichten* for January 9th, 1906, is a powerful antidote against stupid enmities which would interrupt the exchange of ideas and the exchange of commodities.

WE regret to have to announce the death (on December 11th, 1905) of Edward Atkinson, the veteran economist and statistician of Boston.

WE have also to record the death—we also hope in a later number to say more about the life—of Anton Menger, Professor of the Philosophy of Law at the University of Vienna, author of the well-known work on “The Right to the Whole Produce of Labour,” which appeared in an English translation with the advantage of an introduction by Professor Foxwell.

READERS of the *ECONOMIC JOURNAL* will observe with surprise that the name of Henry Higgs no longer appears upon the cover.

They will learn with dismay that Mr. Higgs has found himself constrained by the pressure of higher official duties to resign not only the office of Editor, but also that of Secretary to the Royal Economic Society. The Fellows of the Society will heartily concur in the cordial thanks which the Council has rendered to Mr. Higgs for his valuable services during the past thirteen years. "The Society," adds the Council, "will for a very long time to come feel the loss of his experience and judgment in the transaction of its business and in the preparation of the Journal." No one can feel the loss more deeply than he who is left alone at the editorial helm.

THE following have been admitted since our last issue as Fellows of the Royal Economic Society :—Mr. A. E. Humphreys-Owen, Mr. L. G. Roussin, Mr. H. J. Mackinder (Director of the London School of Economics), Mr. G. A. Waller. Mr. C. J. Hamilton, lately lecturer at University College, Cardiff, has been appointed Secretary to the Royal Economic Society.

RECENT PERIODICALS AND NEW BOOKS.

The Economic Review.

JANUARY, 1906. *The Social and Political Outlook.* REV. T. C. FRY. *The South Wales Coal Trade.* T. I. JONES. Lucid first-hand information about the sliding-scale, the minimum wage, and other incidents of the coal industry. *Free Libraries and their Possibilities.* J. G. LEIGH. *The Economic Aspect of Alien Labour.* M. J. LANDER. There has been no serious displacement of English labour. *Unemployment in West Ham.* REV. C. W. ALINGTON. The Sympathy of Personal Service is desiderated.

Journal of the Royal Statistical Society.

DECEMBER, 1905. *Statistical Skimmings from the International Congress.* SIR J. ATHELSTANE BAINES. The Correlation of Successive Observations illustrated by Corn Prices. R. H. HOOKER. *Wages in the Engineering and Shipbuilding Trades.* A. L. BOWLEY, C. H. WOOD. *Unconscious Assumptions in Economics.* REV. W. CUNNINGHAM. *The Future of Statistics.* J. G. MANDELLO.

The Nineteenth Century.

JANUARY, 1906. *Les Octrois.* W. B. ROBERTSON. These taxes add 50 per cent. to the cost of living in Paris. Their suppression in Lyons has been a success. *Malthusianism and the Declining Birth-rate.* J. W. BARCLAY. The decline of birth marks the growth of well-being.

The Contemporary Review.

JANUARY, 1906. *The Unemployed.* C. F. G. MASTERMAN.

The Fortnightly Review.

FEBRUARY, 1906. *An Object-lesson in Protectionist Politics.* F. A. CHANNING, M.P. Referring to the United States.

The Independent Review.

JANUARY, 1906. *Municipal Trade.* MAJOR L. DARWIN. Referring to Mr. Cannan's article in the November number of the *Review*, the writer disputes the analogy between municipal trade and co-operation, which does not involve compulsion. The direct

employment of labour by municipalities is opposed because it tends to political corruption, is expensive, and arbitrarily selects for better payment a fraction of the working class. *Infant Mortality*. MONA WILSON.

FEBRUARY. *Workmen's Homes in London and Manchester*. R. C. K. ENSOR. Generalisations about "our cities" do not distinguish between London, where the outside is decorous and the evils are within, and the Northern cities, where the reverse is true.

The Quarterly Review.

The Cost of Government. ANONYMOUS. *Gold and Banking*. R. H. I. PALGRAVE. The suggestion that the occasional demands on the reserve of the Bank of England should be reduced is introduced by interesting theories and statistics, e.g., that the quantity theory of money is but an application of the law of supply and demand, that the French Bank recently underwent within twelve months a fluctuation of £19,000,000 without a change of rate. *The Unemployed and the Poor Law*.

Edinburgh Review.

JANUARY, 1906. *Protection and the Working Classes*. The plea that Protection against manufactured imports will benefit British labour is justified neither by statistical nor economic arguments. A delicate handling of comparative figures shows no such correlation as the argument requires between (a) fluctuations in wage-rate, the percentage of Trade Unionists and pauperism, and (b) fluctuations in manufactured imports. Nor can it be argued that Protection will increase the amount, or improve the distribution, of the National Dividend, or otherwise secure amelioration of industry, unless the formation of Trusts be counted as such.

The Quarterly Journal of Economics (Boston).

NOVEMBER, 1905. *The English Railway and Canal Commission of 1888*. S. J. McLEAN. *Types of American Labour-Unions: the Longshoremen of the Great Lakes*. JOHN R. COMMONS. *The Effect of Labour-saving Devices upon Wages*. A. S. JOHNSON. There is no logical basis for the belief that every labour-saving invention must benefit the labourer in the long run. *Employers' Associations in the United States*. W. F. WILLOUGHBY. A detailed description of the movement with an estimate of its consequences.

Political Science Quarterly (New York).

DECEMBER, 1905. *Shipping Subsidies*. R. MEEKER. "It seems inadvisable to tinker the merchant marine with the subsidy hammer." *Recent Railroad Commission Legislation*. F. H. DIXON. *Communitistic Societies in the United States*. F. A. BUSHEE. A comprehensive and philosophic history. *Berlin's Tax Problem*. F. A. BUSHEE. The search for new sources of revenue is described.

Journal of Political Economy (Chicago).

JANUARY, 1906. *Railway Rates as Protective Tariffs.* H. B. MEYER. *Employment of Women in Industries: Twelfth Census.* SOPHONISBA P. BRECKINBRIDGE and EDITH ABBOTT. Women are tending to form an increasing proportion of the gainfully employed. To what extent there is competition between men and women is not clear.

The Academy for JANUARY, 1906, is devoted to Municipal Ownership and Municipal Franchise.

Journal des Économistes (Paris).

DECEMBER, 1905. *Esquisse d'une théorie de l'évolution.* G. DE MOLINARI. *Les finances de la ville de Berlin.* A. RÉVILLON. *Le sucre de Betteraves aux États-Unis.* LABORER.

JANUARY, 1906. "1905." G. DE MOLINARI. *Le marché financier en 1905.* A. RAFFALOVICH. *Le mouvement colonial en 1905.* D. BELLET.

FEBRUARY, 1906. *L'exploitation des chemins de fer et la question du rachat.* A. LIESSE. *Clamageran.* F. PASSY. Economic lessons extracted from the biography of an eminent man.

Revue d'Économie Politique (Paris).

DECEMBER, 1905. *Aperçu de l'évolution des doctrines économiques et socialistes en France sous la Troisième République.* E. LEVASSEUR. A history of recent theory with special reference to doctrines affecting labour legislation. *Le développement de la fabrique et le travail à domicile dans les industries de l'habillement.* II. A. AFTALION. *Examen théorique de la libre concurrence.* DR. B. FÖLDES. It is contended (1) that in a large class of undertakings competition is impossible; (2) that where possible it is apt to be superseded; (3) that it is often costly and immoral.

FEBRUARY, 1906. *L'évolution des doctrines économiques et socialistes en France sous la Troisième République.* E. LEVASSEUR. *Le Mercantilisme libéral à la fin du XVII^e siècle; Les idées de M. de Belesbat.* A. SCHATZ et R. CAILLEMER.

In *L'Économiste Français* for December 23rd to 30th, M. LEROY-BEAULIEU, referring to the *Bulletin de Statistique* for September, 1905, finds that the total of *valeurs mobilières* in the hands of Frenchmen is about a hundred milliards of francs. The fact that the actual value of all the *valeurs mobilières* placed on the French market in the nineteenth century differs little from their value at emission makes against the Socialist doctrine of surplus-value.

Revue Économique Internationale (Paris).

DECEMBER, 1905. *Le Salaire comparé.* Comparative statistics of wages in France, Belgium, England, and the United States; with reflections on the causes of the differences.

Here is a specimen, taken from the January number (1906), of the various topics included under the heading *La Vie Économique*: the results of the recent French census, the amount of English, French, and German respectively invested abroad, the sugar question in Russia, the alcohol monopoly in Switzerland.

The new periodical, *Revue du Mois* (Paris), leads off with a well-written article on *Les Mathématiques dans les Sciences biologique et sociale*, by VITO VOLTERRA.

Jahrbücher für Nationalökonomie (Jena).

NOVEMBER, 1905. *Die "enorme heker bilanz" der Vereinigten Staaten.* H. DIETZEL. *Japan's Auswärtiger Handel.* A. HESSE.

DECEMBER, 1906. *Die Verwirklichung der schweizerischen Zentrabank-Idee, 1880-1905.* PAUL GYGAX. *Die Lage der amerikanischen Handelsflotte.* H. LEVY. *Das internationale Statistische Institut.* F. W. ZIMMERMANN.

JANUARY, 1906. *Die Reichssteuer Reform.* G. COHN. An important pronouncement on the tax system of the German Empire. *Die Bedeutung der Zahlen der sogenannten Parsiren Handels Bilanz.* JHR. ROEHUSSEN. *Die Volkszählung, 1905. Die Einwanderung in die Vereinigten Staaten und ihre Folgen.* F. SCHOMERUS.

Jahrbuch für Gesetzgebung (Leipzig).

The fourth number for 1905 contains an article by Professor Schmoller on the relations of kartels to the State, recommending the control of these dangerous monopolies by enacting that for companies with capital above a certain amount a quarter of the Directorate should be appointed by Government, and half of profits above 10 per cent. should be taxed away. Among other interesting articles may be noticed one by R. EBERSTADT on Speculation.

Zeitschrift für Volkswirtschaft (Vienna).

Band XIV., Heft 6, contains the inaugural lecture delivered by Professor E. von PHILIPPOVICH on the occasion of his assuming the Rectorate of the Vienna University. Its appearance in French has been already noticed (*ECONOMIC JOURNAL*, XV., p. 640).

Giornale degli Economisti (Rome).

DECEMBER, 1905. *Teoria delle proporzioni definite.* G. VALENTI. *Del costo degli scioperi per la classe lavoratrice.* F. COLLETTI and G. MONTMARTINI. *La legenda dorata d'Italia.* E. GIRETTI. *La "filière" e la speculazioni sulle lane.* E. SELLA. *Sulla statistica degli scioperi.* A. CARONCINI. *Ancora sulla municipalizzazione del pane in Catania.* F. G. TENERELLI.

JANUARY, 1906. *Del costo degli scioperi per la classe lavoratrice.* R. BACCHI, F. COLLETTI, G. MONTMARTINI. *Sulla statistica degli scioperi.* A. CARONCINI. *L'esercizio ferroviario di Stato in Italia.* F. TAJANI.

In *La Reforma Sociale* for January, 1906, Professor Jannacone joins in the controversy (*polemichetta*) concerning the cost of strikes, raised by Professors MONTEMARTINI and COLLETTI in the *Giornale degli Economisti*. In the February number the controversy is continued by Professor ACHILLE LORIA.

NEW BOOKS.

BALFOUR (RIGHT HON. ARTHUR JAMES, M.P.). *Fiscal Reform Speeches delivered from June, 1880, to December, 1905.* London: Longmans. 1906. Pp. 280.

BERARD (M. VICTOR). *British Imperialism and Commercial Supremacy.* Translated by H. W. FOSETT, M.A. Oxon. With a Preface to the English edition by the author. London: Longmans. 8vo. 7s. 6d. net.

BRASSEY (LORD). *Sixty Years of Progress and the New Fiscal Policy.* By LORD BRASSEY. London: Longmans. Pp. 195.

[A revised and enlarged edition of the work reviewed in the *ECONOMIC JOURNAL*, Vol. XIV.]

Brewery Companies (London). *A Critical Review of their Finances, Assets, and Profits.* London: Investors' Guardian. 1906. Pp. 55. 1s.

DAVIES (D. H.). *Cost of Municipal Trading.* London: P. S. King. 8vo. 2s.

FOX (ARTHUR W.). *The Rating of Land Values. Notes upon the proposals to levy rates in respect of site values.* London: P. S. King. Pp. 124.

[These notes by the Secretary to the Royal Commission on Local Taxation form a perfect summary and digest—a flawless mirror—of the evidence and arguments presented to the Commission. The high value of the compilation is enhanced by the contributions of the late Theodore Llewelyn Davies.]

GRAY (B. K.). *A History of English Philanthropy from the Dissolution of the Monasteries to the taking of the First Census.* London: P. S. King. 1905. 8vo. Pp. 300. 7s. 6d.

HARE (H. E.). *Tariff without Tears: A Primer of Taxation.* London: Daniel. 1905. 1s. 6d.

[A royal road to the theory of taxation by way of rhymes and pictures.]

LAWSON (THOMAS W.). *Frenzied Finance.* London: Heinemann. 1906.

[A description of the system by which public credit in America is so manipulated as to rob the public.]

LEWIS (C. J. and J. N.). *Natality and Fecundity.* London: Oliver & Boyd. 8vo. 7s. 6d.

MATHESON (GEORGE). *The Sugar Convention: its Cost and Consequences.* London: Published by the writer, Hackney Wick. Pp. 16. 3d.

MCVEY (FRANK L.). *Modern Industrialism.* London: Appleton.

PARSONS (J.). *Housing by Voluntary Enterprise.* London: P. S. King. 8vo. 2s. 6d.

ROBERTSON (W. B.). *Foundations of Political Economy*. London: Scott. 8vo. 5s.

SCHUSTER (FELIX). *The Bank of England and the State*. A lecture delivered on November 14th, 1905. Manchester: University Press. 1906.

SHADWELL (ARTHUR). *Industrial Efficiency: A comparative study of industrial life in England, Germany, and America*. In two vols. London: Longmans. 1906.

SIDGWICK (HENRY). *A Memoir by Arthur Sidgwick and Eleanor Mildred Sidgwick*. London: Macmillan. 1906. Pp. 633.

SMITH (ROBERT H.). *Commercial Economy in Steam and other Thermal Power-Plants as dependent on Physical Efficiency, Capital Charges, and Working Costs*. London: A. Constable. 1905.

Tariff Commission. Vol. II. Parts 3-7. London: P. S. King. 1905.

[The industries of Hosiery, Lace, Carpets, Silk, Flax with Hemp and Jute are the subjects of successive parts.]

TOUCH (GEORGE ALEXANDER). *Reconstructions*. A lecture on the reconstruction or rearrangement of Companies incorporated under the Limited Liability Acts. London: Waterlow. Pp. 40.

Work and Maintenance Bill, 1906. London: P. S. King. Pp. 45.

[“The draft of a Bill to provide work and maintenance for the people of the United Kingdom of Great Britain and Ireland without any increase of taxation or rates.” Prepared by the Advisory Committee of the Maintenance and Employment Society.]

BANKS (DR. E. M.). *The Economics of Land Tenure in Georgia*. (Columbia University Studies.) New York: Macmillan Co. 1905. Pp. 167.

COBB (B. F.). *Business Philosophy*. New York: T. Y. Crowell & Co. \$1.20.

DAWSON (M. M.). *The Business of Life Insurance*. New York: A. S. Barnes & Co.

DEVINE (PROF. EDWARD T.). *A Programme of Social Work*. New York: Columbia University Press. 1906. Pp. 45.

GANNETT (H.) and OTHERS. *Commercial Geography*. New York: American Book Co. 1905. 12mo. Pp. 412.

GEORGE (H., Jr.). *The Menace of Privilege: A Study of the Dangers to the Republic from the Existence of a Favoured Class*. New York: Macmillan Co. 12mo. Pp. 421. \$1.50.

HERZFELD (ELSA G.). *Family Monographs. The History of Twenty-four Families living in the Middle West Side of New York City*. New York: Publisher of Charities. 1905. 8vo. Pp. 150.

KELLEY (FLORENCE). *Ethical Gains through Legislation*. New York: Macmillan Co. 12mo. Pp. 340. \$1.25.

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THE ECONOMIC JOURNAL

JUNE, 1906

PROVISION OF FOOD FOR SCHOOL-CHILDREN IN PUBLIC ELEMENTARY SCHOOLS

THE subject of the feeding of children in our public elementary schools has engaged the attention of the House of Commons on several occasions in the last two years, but it cannot be said that the discussions which have taken place throw much light on an undoubtedly difficult problem.

The sentimentalist, the Socialist, the economist—each has his say. Pity for the hungry child, anxiety lest the race should be allowed to deteriorate, fear of diminishing parental responsibility and breaking up home life, desire to make the neglectful parent do his duty—all these admirable but conflicting sentiments obscure in their collision the real issue. I would set aside the extreme view, put forward by some, that the State should, through the ratepayer or the taxpayer, provide free meals as a necessary sequence of free education. One reason against such a course is that meals would soon be found to be only one of several requirements. Anyone who goes into a school in a very poor district in cold or wet weather would say at once that the condition of some of the children's clothes and boots is as great an obstacle to the cheerful pursuit of their studies as a deficiency of meals. A pair of sodden boots on a cold, wet day are as likely to benumb the child's faculties and undermine its health as a temporary lack of food.

Another reason is that the great majority of parents are perfectly able and willing to feed and clothe their children, and that it is hard on the taxpayer, and harder still on the ratepayer, to be required, at his own cost, to give to people that which they

do not ask for, in most cases do not want, and in very many would repudiate with some natural pride and indignation.

And, lastly, the general provision of meals would do harm in so far as it would appreciably diminish the influence of home life. No one can dispute the importance of raising the standard of home life among the poor, and in their life the family meal is a kindly social influence not to be disregarded. But, setting aside the question of a universal State provision of meals in our schools, there remains on the part of those who speak most earnestly and even passionately on one side or other of the subject a provoking disinclination to answer certain plain questions. Are no children to be supplied with meals, under any circumstances, or are all to be supplied, or only some? If some, who is to make the selection? And again, who is to pay? I may add that there is an equally provoking disinclination to inquire into the extent of the evil, and into its causes; or even to consider whether some of the most distressing features visible in our schools in poor districts are really caused by present and immediate hunger. Apart from those who form general conclusions *à priori*, the process by which the advocate for "doing something" arrives at his results is very often of this sort. As a sympathetic visitor he inspects a school in a very poor quarter of London or some other large town: he is struck by the listless and unhealthy appearance of the children; he learns that three or four have come to school without breakfast, and that some others are uncertain as to what, if anything, awaits them by way of dinner. He goes away impressed with a sense of twofold hardship, that the children should have to learn under such conditions, and that the taxpayer should have to pay for teaching which can bear so little fruit.

He might have learnt, perhaps, if he had pressed his inquiries further, that, in the very school which he had visited, breakfasts and midday meals were supplied to a large percentage of the children in attendance; that those who were breakfastless were so because they came late for the school breakfast. If he put himself into communication with the relieving officer he might learn that the cases in which parents were unable or unwilling to provide meals for their children were comparatively few; and if he inquired a little further still into the conditions under which the children live he would realise that their unhealthy appearance is not due to immediate hunger, but to consistently unwholesome feeding from infancy onwards, to late hours, to dirt, and to insanitary and ill-ventilated dwellings.

It is not often that such inquiries as these are made. Not only does the visitor assume that the conditions which he has observed are due to poverty and starvation ; he goes on to generalise boldly from one or more such visits, and assumes that these conditions, if not universal, are very widely prevalent. How often has the Johanna Street School, or the Bristol experience of Dr. Macnamara, done duty to give point and pathos to a speech on the forlorn condition of the hungry child?

On the other hand, we are confronted with the severely orthodox economists, whose views, if pushed to their logical conclusion, would perhaps startle themselves. We have, no doubt, in our large towns, sections of the population who, without deliberate unkindness, are thriftless, ignorant, and neglectful of their children. If these children are sent from home without breakfast, or find no dinner ready for them at midday, are they to remain hungry, or to acquire hopelessly perverted appetites, while this part of our population learns by some unexplained process the charm of home life and the nature of parental responsibility? And then again, in the case of parents who do their best for their children, there may come times when employment suddenly ceases and acute distress sets in. Is no provision to be made for such times?

It would be better to admit that the phenomenon of the underfed child is a reality, that the difficulty which it occasions is not universal, nor even widespread, and is often intermittent in the places where it occurs; and that we should do well to put aside generalisations and speculations, and sentiment and political economy, and try to ascertain what, if any, are the conditions under which it is desirable to provide meals for children attending our elementary schools, how such children are to be selected, how the meals are to be provided, and who is to pay for them.

First, we may consider the class of children whose parents are selfishly callous or selfishly neglectful. The children have no breakfast ready for them before they go to school, nor any sure prospect of a dinner in the middle of the day. These are the cases which should be met by the order and circular of the Local Government Board issued in April, 1905, whereby the Guardians were empowered to supply prompt relief and to treat the cost of meals provided as a loan recoverable under sections 56 and 58 of the Poor Law Amendment Act of 1834.¹ These sections are only applicable to children whose fathers are alive, and the remedy

¹ See *Report on Medical Inspection and Feeding of Children attending Public Elementary Schools*, Vol. i, p. 83, and Appendix iv.

needs extension, but the order has had a salutary effect. Still, there is wanting the machinery for finding the children who are thus neglected and providing the meals as they are required.

In this group of cases the parent can pay, and should be made to pay. There is another class of case in which the parent would make no difficulty about payment. Sometimes both parents are out at work at the hour of the midday meal. Where a widow is left with a young family she is often obliged to be absent from home during the day, earning money for their maintenance. If a small sum is given to the children to buy a meal the chances are that it will be spent on sweetmeats or cigarettes, or, at any rate, not laid out to the best advantage; nor is the parcel of cold food which the child sometimes brings to the school to be commended as very appetising or digestible. There are cases in which the convenience of the parent and the proper nourishment of the child would alike be met by the provision of meals obtainable by purchase and delivery of a ticket.

Lastly, there are the cases of genuine occasional poverty when the breadwinner is thrown out of work and there is not money enough in the house to provide meals for the children. Here, no doubt, difficulties must arise. What are the conditions which justify the gratuitous provision of meals? There must be gradations of poverty both in extent and duration. There must be a point on one side at which the need for assistance diminishes so far as to justify its withdrawal; while, on the other, the distress may assume so permanent and hopeless a character as to make it necessary to invoke the aid of the Poor Law.

From what has been said it will be seen that the class of children for whom it is desirable to provide meals, though variable in number, is limited; and that the class for whom meals might properly be provided gratuitously, though not necessarily the most limited, is certainly the most variable.

But if two out of the three classes who receive meals are able to pay for them, and if payment can be obtained from their parents, the cost of provision ought not to be more than voluntary and charitable agencies can meet.

I have given reasons why local authorities should not be permitted to provide meals for all, or even for some. The wastefulness of providing free meals for those who are quite willing to pay for them is obvious: so is the hardship on the poorer class of rate-payers, if they were called on to pay for feeding the children of persons who were better off than themselves. But if a limited class only are to receive gratuitous meals, the risk of throwing upon

the local authority the duty of provision, or the duty of selection, becomes a very serious one. At every municipal election a question would be raised whether the Council or the Education Committee took a sufficiently liberal view of their duties in the matter. The views of successive Councils would expand under the genial influence of electioneering promises; inquiry would slacken; those who could pay would feel aggrieved when they saw the children of parents, not poorer, but less conscientious, than themselves, in receipt of free breakfasts and dinners; voluntary agencies would no longer be able to stand the strain upon their resources; and the collapse of a system financed by voluntary effort but controlled by local authority would lead to an irresistible demand for power to be given to local authorities generally, not merely to determine the selection but to provide the meals. We should find, too late, that we had blundered into a system of free meals provided out of the rates.

It would seem that voluntary agencies are able to find the necessary funds. Of this the Report of the Committee on the Medical Inspection and Feeding of Children leaves little doubt, and if the gratuitous provision of meals is limited to the case of the children whose parents are in temporary distress, if those parents who could pay and would pay were allowed to pay, and if those who could pay and would not pay were made to pay, there should be no doubt of the capacity of voluntary effort to meet every need. For we should never forget in dealing with this subject that the circumstances which call for gratuitous provision of meals are not universal. Not merely are they not universal: it may almost be true to say that they are limited to large towns and to certain quarters of large towns. But one of the difficulties which presents itself in dealing with these conditions is that they are not merely local, but are often intermittent; that in certain localities poverty is a permanent trouble, while others are subject to periodical or occasional outbreaks of distress.

The weakness of voluntary agencies is their lack of permanence and of organisation. They need a system which would enable them to economise their resources and apply them promptly as occasion demands; and they need the means of inquiry into the urgency of individual cases, and the capacity of the parent to make the necessary provision, at home or elsewhere, for the children's meals. They need coherence and stability, the avoidance of overlapping, and the machinery for selection.

It is impossible to doubt that—given access to the best sources of information—a voluntary society would conduct the necessary

inquiries better than a local authority. The inquiries of a local authority would, at the best, be purely official; they might be evaded, or resented, they might be perfunctory, and in any event their methods or their results might form undesirable topics for discussion at every municipal election. Above all, a local authority would be spending money, whether of the ratepayers, or of subscribers, with the traditional freedom accorded to local authorities. The agents of a voluntary society would be administering the funds of the society to which they belonged, and it may be presumed that they would be more careful in their expenditure than a local authority would be, whether it were dealing with the money of the ratepayers or the contributions of charitable persons.

But a voluntary society which formed itself into relief committees or guilds of help, covering the ground of all necessitous areas, and conducting the necessary inquiries for ascertaining the proper recipients of meals, might effect useful results which would extend far beyond the mere process of inquiry. The knowledge which might thus be acquired by kindly, helpful people of the conditions under which the poor live would create a continuous interest in the welfare of individual families; friendly relations would spring up which would justify counsel and advice in matters of domestic economy. Thus, insensibly, the standard of home life might be raised, and the ill-fed, ill-nurtured child would become a less common feature in our poorer schools. Timely help, direct or indirect, might be given in starting boys and girls in life, and we might get some approach to the Elberfeld system which prevails in some of the great towns of Germany. We may not find it possible to establish here, in completeness, a system which seems to profit alike those who give and those who receive the help which it involves, but we might get some of its results reproduced in the poor quarters of our great cities, and to such agencies, rather than to legislation, or even to the administrative work of local authorities, stimulated by the Board of Education, must we look for the regeneration of the home life of the very poor.

It remains then to consider whether we could establish such relations between voluntary agencies and local authorities as would ensure the permanence of these agencies, would make them available for all cases of need, and would give them access to such means of information as would enable them to choose the right cases for assistance, whether or no the parent was ultimately compelled to pay.

In France the *Caisse des Ecoles* furnishes an instance of a voluntary society attached to municipal institutions, with a constitution in each case approved by the municipality, rendering accounts and receiving for the provision of meals in the *Cantines Scolaires* a subvention larger than would be desirable in this country, where voluntary assistance is more readily forthcoming.

The Committee on Physical Deterioration, following the lines of the Royal Commission on Physical Training (Scotland), recommended that under certain circumstances local authorities might be empowered to provide kitchens, rooms, and appliances for the provision of meals, relying upon voluntary agencies to find the material; and proposed, "by enabling the school authority to supply and organise the machinery, while the benevolent furnished the material," to create "a working adjustment between the privileges of charity and the obligations of the community."

These proposals suggest the means of bringing the two agencies into connection. Sometimes it may be convenient and not undesirable that meals should be prepared and supplied on the school premises, which even in the case of voluntary schools are, during school hours, at the disposal of the local authority; sometimes it might be necessary to hire premises for kitchens, or for dining-rooms, or for both purposes, and to fit them up with suitable appliances; on very rare occasions it might be necessary to build.

A local authority might be empowered to give their assistance to a voluntary society if the latter furnished satisfactory evidence of solvency and permanency, if its constitution and general regulations were such as might receive the formal approval of the authority, and especially if its executive committee were necessarily representative, not merely of the subscribers, but of the local authority, of school managers, and of the guardians. Working through a committee thus constituted, a society might act upon information derived from the best sources, the teachers, the school attendance officers, and the relieving officer.¹ We should no longer see voluntary agencies acting sometimes in ignorance of one another's exertions, and so wasting their energies, acting on insufficient information, and so misapplying their resources, or bringing their efforts to an end when the need of provision is still existing.

Meals should be provided on the presentation of a ticket, and tickets might be purchased by parents who were away from home

¹ Systematic medical inspection of our public elementary schools would be of immense value for this purpose, and indeed for many other purposes. But, as yet, this urgent need remains unsatisfied.

during the times for meals, or by guardians who were called on to give prompt assistance to cases of distress arising from parental neglect. They might also be supplied by the society to those children who were ascertained to be proper cases for gratuitous help, and thus no invidious distinction would be made between those whose parents did and those whose parents did not pay for the meals supplied. It may be said that the connection with municipal organisation would kill private charity, and the proportion which private subscription bears to municipal subvention in the Parliamentary return, which gives an account of the *Cantines Scolaires*, is quoted in support of this view. I have reason to doubt the accuracy of these figures, and I cannot believe that if our great towns took up the question in the way that I have suggested local patriotism would fail to secure continuity in the work.

These are but suggestions for the treatment of a question which needs to be regarded on its practical side, and with the facts kept in full view. We do not want to put upon local authorities the invidious and dangerous duty of selecting the children who are to be fed; nor do we want to incur the needless and wasteful expense of enabling them to feed all. We cannot trust altogether, in a matter which needs constant care, to the unstable and sometimes ill-informed action of voluntary societies. But we need the help of both, and above all of the latter. Is it too much to hope that we may devise some method for the joint action of the two?

WILLIAM R. ANSON

THE REPORT OF THE ROYAL COMMISSION ON TRADE DISPUTES

IN attempting to estimate the merits and defects of the existing rules of law on any subject, and any proposed amendments of such rules, it is desirable to state in the first instance some principles which are applicable as tests of sound legislation. In the first place, there is the principle of what one may call "formal equality." This principle raises a *primâ facie* presumption against any legal rule which would create special classes of persons or of bodies, entitled to peculiar privileges or immunities, or subject to peculiar liabilities or disabilities. The presumption, however, is merely a *primâ facie* one, and the principle must give way, in case of conflict, to the second principle, which we may call that of "substantial equality." This second principle condemns any rule of law which, though in terms applying to all classes alike, in fact enables one class to do with impunity acts which are substantially identical with those which it prohibits in the case of another class. The strength of the first of these principles lies in the ease and clearness with which it can be carried into effect; the strength of the latter in the truth that substantial and not merely formal equality is what ideal justice demands. But an attempt to legislate on the basis of this latter principle alone would be doomed to failure because it would be contrary to the nature of law itself, which consists in a system of general rules corresponding only approximately to the merits of each individual class. The result is that legislation must sometimes compromise between the two principles, but ought to do so only when the claims of the principle of substantial equality are clearly made out, and it is impossible to lay down a rule of law which will satisfy both. Thus the law of conspiracy, which in terms applies alike to masters and men, satisfies the first principle: but it may be contended that it fails to satisfy the second because in fact it prevents workmen from doing what in substance it permits to masters. The proposal to

exempt Trade Unions from liability, or to except trade disputes from the operation of the law of conspiracy, may therefore be called for by the second of these principles, though it violates the first; but such exceptional legislation cannot be justified unless it is shown that no other amendment of the law, *e.g.* a uniform modification or abolition of the rule of civil liability for conspiracy, is possible.

To these two we must add a third principle, no less important than either of the former, that of certainty. This principle requires in the first place that the law should be of a kind easily grasped by those who are likely to come into contact with it. It requires in the second place that as little as possible should be left to the discretion or caprice of those, whether judges or juries, who have to determine whether a liability has or has not been incurred. No doubt, if the sole object of law was to award to every litigant his exact deserts, there would be much to be said in favour of a system which left a wide discretion to the *arbitrium* of a *vir pietate gravis*. But law exists less for the benefit of litigants than for the guidance of those who wish to avoid litigation. For the ordinary citizen it is more important to be certain what his rights and liabilities are, than to be assured that when he gets into court a perfect but unpredictable justice will be dealt out to him. More particularly is a close limitation of judicial discretion desirable where the issues involved are likely to raise disputable questions of ethics, economics, or public policy.

It is well known that since the legislation which began with the Criminal Law Amendment Act of 1871 (now repealed), and the Trade Union Act, 1871, and which was completed by the Conspiracy and Protection of Property Act, 1875, and the Trade Union Act Amendment Act, 1876, the battle of trade disputes in the Law Courts has been fought mainly within the area of civil liability. This civil liability, the principles of which have been developed by judicial decisions almost entirely since 1894, when the Royal Commission on Labour made its report, forms substantially the subject of the recently issued report of the Royal Commission on Trade Disputes. It is proposed in the following pages to give some account and criticism of the present state of the law under headings substantially the same as those adopted in the majority report, namely: (1) Liability for picketing; (2) Liability for conspiracy and interference with trade; (3) General rules relating to the status and capacity of Trade Unions.

Picketing.—The law relating to picketing depends on section

7, sub-section 4, of the Conspiracy and Protection of Property Act, 1875, which provides :—

“ Every person who, with a view to compel any other person to abstain from doing or to do any act which such other person has a legal right to do or abstain from doing, wrongfully and without legal authority . . . watches or besets the house or other place where such other person resides or works, or carries on business or happens to be, or the approach to such house or place . . . shall on conviction thereof by a court of summary jurisdiction, or on indictment as hereinafter mentioned, be liable either to pay a penalty not exceeding £20, or to be imprisoned for a term not exceeding three months, with or without hard labour.

“ Attending at or near the place where a person resides or works or carries on business or happens to be, or the approach to such house or place, in order merely to obtain or communicate information, shall not be deemed a watching or besetting within the meaning of this section.”

It will be noticed, in the first place, that the enactment is a penal one, and not primarily directed to civil liability : it was intended to provide a short and sharp remedy by way of punishment for acts amounting to molestation of employers and of workmen who continued to work during a strike. But, as a matter of fact, little use seems to have been made of the criminal proceedings which it provides : employers seem to fight shy of embittering their relations with their workmen by pressing a criminal prosecution under the section, and in many cases it appears that magistrates have been unwilling to convict. But within the last ten years the courts have held that a person who has suffered damage, *e.g.* an employer who is prevented from getting workmen, by reason of picketing, may maintain a civil action for an injunction and damages against anyone who can be fixed with responsibility, and this principle, coupled with the establishment in the Taff Vale case of the civil liability of Trade Unions for the acts of their agents, has become a formidable weapon in the hands of employers.

Let us next consider what is the class of acts which fall within the scope of picketing as defined by the section. It will be seen that two conditions must be satisfied—there must be an overt act, and this overt act must be done with a certain view : (1) The act must be done “ with a view to compel any other person to abstain from doing or to do any act which such other person has a legal right to do or abstain from doing ” ; (2) the overt act is that of watching or besetting “ the house or other place where

such other person resides or works or carries on business or happens to be." It would seem to the lay mind that the whole object of the enactment was to prevent the putting of pressure upon employers or workmen by bodies of strikers hanging about their factories or places of business or their houses, or persistently approaching them in a public place. But two glosses put upon this section by the Courts have enormously extended its scope, so as to make it cover acts of an entirely different kind. In the first place, it has been held that the person who is sought to be compelled need not be the same as the person who is watched or beset; in the second, that watching or besetting does not imply any continuous or persistent attendance, but that mere presence at a place for however short a time may amount to watching and besetting. This is well illustrated by the case of the Halifax joiners, *Charnock v. Court* [1899] 2 Ch. 35. The plaintiffs were master joiners at Halifax, the defendants officers of a Trade Union. During a strike at Halifax among the joiners, the masters, in order to fill the places of those on strike, invited men to come from Ireland. The defendants met some of these men at the landing-stage at Fleetwood, informed them of the strike, and peaceably persuaded them not to go to Halifax. As an inducement the Trade Union officers supplied them with railway tickets to go elsewhere, gave them money for a night's lodging, and further promised to pay their expenses and to find work for them. It was not suggested that any intimidation or anything that could be described as compulsion had been used towards the Irish workmen. Nevertheless, the defendants were held liable, and were restrained by injunction from continuing to act as they had done. The attendance at the landing-stage at Fleetwood was a watching and besetting of the place where the Irish workmen happened to be, and this watching and besetting took place with a view to compel, not the men, but the masters to submit to the Trade Union's demands.

The result of this interpretation is to render practically impossible any communication, even of the most peaceable kind, except by letter, between the strikers and those whom the employer has engaged or is seeking to engage to fill their places. Any occasion on which a person representing the former meets or calls upon one of the latter is capable of being regarded by the Courts as a "watching and besetting," and in every case such "watching and besetting" will take place with a view to compel the employer. The mere purpose of obtaining or communicating information for which the Statute provides an ex-

emption is one which seems not to occur in practice. The workmen on strike are thus put at a manifest disadvantage in comparison with the employer. He is perfectly free to communicate with those whom he seeks to engage, for he can do this without being guilty of a technical "watching and besetting," though his object is to "compel" the strikers to submit to his terms. The strikers will find it practically impossible in most cases to communicate with those engaged except by a personal interview, and this interview will at once bring them within the terms of the Act.

The Commissioners in their report hardly seem to have realised the length to which the decisions have gone. When they say (paragraph 46), "No workman has ever been punished under this Act for merely peaceably persuading. What he has been punished for is watching or besetting a house, etc., with a view to peaceably persuading—a different matter," they would seem to have forgotten the technical meaning put by the Courts upon the words "watching and besetting"; and when they say in the same paragraph, "Before he can be convicted or punished, it has to be proved that he watched or beset the house; and also that he did so to compel, though compelling may, in the case supposed, mean little more than persuading persons to do what without such persuasion they might not be willing to do," they seem to have missed the point—already made clear in *Lyons v. Wilkins* [1896], 1 Ch. 811 [1899], 1 Ch. 255, cited by them, and illustrated most clearly by *Charnock v. Court*—that the person sought to be compelled need not be the person whose house, etc., is "watched or beset."

Again, the Commissioners seem to have neglected the evidence to be derived from the reported cases as to the possibility of perfectly peaceable picketing. In the two cases of *Lyons v. Wilkins* and *Charnock v. Court*, in the former of which the picketing extended over several months, it was admitted by the plaintiffs that the pickets used no violence or intimidation or threats. In the face of this one might have expected the Commissioners to discount to some extent the evidence of the witnesses, unanimous it is true, but hardly disinterested, to the effect that "watching and besetting for the purpose of peaceably persuading is really a contradiction in terms," and that picketing is resorted to by Trade Unions because it is found to compel—compel, that is, the person picketed. (Paragraph 48.) The admissions of parties in a law-suit where evidence of violence and intimidation, if forthcoming, would have been produced, are

surely entitled to serious consideration as against the sweeping generalities of the witnesses before the Commission who declared that there was no such thing as peaceful picketing.

The effect of the Commissioners' inattention to these points is to diminish the weight of the recommendation which they make in paragraph 48 of the Report for the amendment of the law. They hold (paragraph 48) that the right to strike carries with it as a corollary the right to persuade others to do the same, and that this right could be safeguarded and at the same time the oppressive action of picketing struck at if the watching-besetting clause and its proviso were struck out, and instead thereof another sub-section (which would also supersede sub-section 1—which provides against violence to or intimidation of the person and injury to property) inserted, "acts in such a manner as to cause a reasonable apprehension in the mind of any person that violence will be done to him or his wife or family, or damage be done to his property."

The two dissentient Commissioners, Sir Godfrey Lushington and Sir William Lewis, have not failed to make a somewhat damaging criticism on this recommendation. If it is true, as the majority seem to admit, that picketing is used solely as a means of compelling recalcitrant workmen to join a strike, if there is no such thing as peaceable persuasion by picketing, it certainly seems hardly worth while to disturb the law for the sake of safeguarding the abstract right of peaceable persuasion. A reference to the actual facts in the reported cases would have enabled the Commissioners to base their recommendation on the admitted existence in some trade disputes at least of peaceful persuasion by pickets.

Moreover, one may be inclined to agree with the dissentient Commissioners to the extent that the proposal to strike out the watching-besetting clause goes too far. While there is no doubt that peaceful and merely persuasive picketing exists, it is equally clear, and to this extent there is no reason to dispute the evidence given before the Commission, that picketing in many cases has taken the form of, or has degenerated into, violence and intimidation, *i.e.* threats of violence to persons or property, or while falling short of violence or intimidation, has amounted to a serious molestation or annoyance. Now, as regards violence or threats of personal violence, a remedy is already provided by sub-section 1, and this remedy would be continued by the Commissioners' proposal and extended to cases of conduct which raised a reasonable apprehension of damage to property. On

the other hand, a person who suffered from mere molestation or annoyance would be thrown back on the purely civil remedy which exists at Common Law for nuisance—that is, an action for an injunction and damages. Considering the ease with which an interim injunction can be obtained against Trade Unions, and the extensive use which has been made of such injunctions in recent times, it cannot be said that this remedy is as illusory as Sir G. Lushington in his dissentient report implies (p. 76). But it is eminently undesirable, and above all in the interests of Trade Unions themselves, that this should be the only remedy. The best safeguard which Trade Unions can fairly claim against the large liabilities to which they have been subjected by way of civil action for unauthorised acts of violence, intimidation, or molestation committed on their behalf by their members lies in the certainty of a speedy infliction of punishment on the actual doers, a certainty which ought to make such acts of the rarest occurrence. But for the unwillingness of employers to resort to, and of magistrates to enforce, the summary criminal remedies of the Act of 1875, we should have heard little or nothing of the legitimate action of Trade Unions being hampered by injunctions and by verdicts for enormous damages in cases like that of the Taff Vale Railway. If, on the other hand, legislation should entirely remove the quasi-corporate liability of Trade Unions, the Commissioners' proposal with regard to the Act of 1875 would indeed leave acts of molestation falling short of threats of violence without any effective redress whatever, for the civil remedy against individual strikers is necessarily nugatory.

It is submitted that the true solution is a much simpler one than that proposed by the Commissioners. The hardship from which Trade Unions suffer under sub-section 4 is really due to the fact that, as interpreted by the Courts, it makes watching and besetting an offence without any regard to the question whether such watching and besetting involves either intimidation or nuisance: the remedy is to amend the sub-section by reading, "*causes a nuisance to any person by watching or besetting the house or other place where such person resides or works or carries on business or happens to be, or the approach to such house or place.*" Such an amendment would legalise Trade Union action of the kind employed in the Halifax joiners' case, which amounted neither to intimidation nor to nuisance; it would still prohibit by penalties such action, amounting to a nuisance, though free from violence or intimidation, as occurred in *Lyons*

v. Wilkins; while violence and intimidation would be struck at either by the existing sub-section 1 or by the words which the Commissioners propose to substitute for sub-section 1 as well as for sub-section 4. With this amendment the whole section might be further simplified in two ways: the introductory words, "with a view to compel, etc.," and the final proviso, exempting attendance for the purpose of obtaining or communicating information, should be struck out. Both omissions are desirable on the same ground: the acts struck at in sub-section 4 as proposed to be amended being in themselves objectionable (as are the acts prohibited in each of the other sub-sections), it becomes immaterial whether they are done for a purpose which is regarded as objectionable (compelling) or for one which is regarded as proper (obtaining or communicating information). For this reason I think that any proposal to amend this section by giving an exemption in the case of watching and besetting for the purpose of peaceful persuasion would be a step in the wrong direction. The only objection which I can see to the amendment which I have suggested is that it will leave to the magistrate or jury the question of fact, which may be a difficult one, whether a nuisance has been committed or not, and that those who are responsible for the conduct of a strike will be in doubt how far they may legitimately go. But they will be, at any rate, in a better position than under the present law, which does not allow the question of nuisance or no nuisance to be raised in their favour at all; nor do I think their legitimate activity would be seriously hampered if some uncertainty on this head should compel them to avoid action which is near the line. Nor does the question of nuisance or no nuisance seem a more difficult one than the question, which would be raised by the adoption of the recommendation of the majority report, whether a reasonable apprehension had been caused.

Law of Conspiracy and Interference with Trade.—More important even than the law relating to picketing, and more seriously hampering to Trade Union action, has been the decision in *Quinn v. Leathem*, a decision of the House of Lords which may be taken as finally establishing the existence of a common law liability to pay damages for the consequences of a combination to do acts no one of which, done by an individual, would in itself be actionable. In order to explain the scope of this decision it will be well to say a few words as to the general principles of liability for torts—that is, civil wrongs independent of breach of contract.

A moment's thought will convince anyone that no system of law could lay down a universal rule that every act by which damage is intentionally caused should carry with it a liability to pay compensation for such damage. By damage intentionally caused is meant damage which is foreseen by the person doing an act as necessarily or probably resulting from it. Thus a person who sets up a business in competition with an existing business intentionally causes damage to the person conducting that business: a man who withdraws his custom from a tradesman intentionally causes damage to the tradesman. A workman engaged in repairing the boiler of a ship, who, after giving the notice required by the terms of his employment, ceases to work while the work is unfinished, intentionally causes damage, it may be of a serious kind, to the employer. In none of these cases does the law impose any liability to pay compensation for the damage so caused, nor could it well be argued that it ought to do so. What is the principle adopted by English law for the differentiation of acts which involve liability from those which do not, is a question which cannot be regarded as at present settled. On the one hand, it may be said that no act involves liability unless it falls within some recognised and defined head of wrong—libel, trespass, nuisance, and the like—or, what comes to the same thing, unless it involves the violation of some recognised and defined right; on the other hand, the view may be maintained that every act intentionally causing damage *prima facie* involves liability, but that such liability is avoided by showing that the act was done in the exercise of some recognised right. On the one view, the acts mentioned above will be innocent because they amount to no known wrong and violate no recognised right; on the other, because, though intended to cause damage, they are done in the exercise of a recognised right, the right of a man to make what contracts he pleases in the disposal of his own property and labour. Whichever view is taken, it is clear that the acts of individuals, forming an element in Trade Union action, involve no legal liability, for they violate no recognised right and consist merely in a refusal to make or to renew contracts of labour.

It might be suggested that a distinction on the ground of motive can be drawn between the acts above referred to. It may be said that the act of a person who sets up a new business is justified because done with a proper motive, the desire directly to advance his own business interests: whereas the conduct of a man who withdraws his custom from a tradesman may be improper, and should involve legal liability, if it is due to a wrong motive, *e.g.*

the mere desire to injure, or the wish to inflict punishment on the tradesman for conduct disapproved of by the customer, such as attending a particular place of worship. In the case of a workman who refuses to continue work after giving proper notice, it might be argued, on this view, that his conduct should be lawful or not according as the dominant motive in his mind was the desire to inflict injury on his employer, or the desire, by putting pressure on the latter, ultimately to improve his own conditions of employment or those of his fellows. But whatever may be urged for or against a rule which would make liability turn on motive, it is clear that it is no longer open to the English Courts to hold that motive can form any condition of liability, at any rate in the case of the acts of individuals. This is the effect of the decision of the House of Lords in *Allen v. Flood* [1898] A.C. 1. In this case the plaintiffs were shipwrights who were engaged in repairing the woodwork of a ship. These men had previously been employed by other employers in doing iron-work, a thing prohibited by the rules of the Boiler-makers' Trade Union. The boiler-makers who were engaged on the same ship with the plaintiffs, when they found out the facts as to the plaintiffs' previous employment, became excited and talked about giving up work. They sent for the defendant Allen, a delegate of the Boiler-makers' Union. The defendant, after interviewing the men, communicated with the employers' manager and foreman, and told them in effect that if the plaintiffs were continued in their employment, all the boiler-makers would go on strike. As a result of this communication the plaintiffs were dismissed. At the trial before Mr. Justice Kennedy the question of motive was directly put before the jury. The learned judge directed them in these words :—

“ The question that I want you to answer is that if you find that he (the defendant) induced the Glengall Iron Company by the threat, which is suggested by the plaintiffs, of calling out all the men on strike, and he continued in that course of conduct, if there was any attempt to employ them again, did he do that with the *malicious intention* which I have endeavoured to explain, that is merely, not for the purpose of forwarding that which he believed to be his interest as a delegate of his Union in the fair consideration of that interest, but for the purpose of injuring these plaintiffs, and preventing them doing that which they were each of them entitled to do? ” •

The jury answered that the defendant had *maliciously* induced the employers to discharge the plaintiffs and not to engage them

again, and gave a verdict for £20 damages in favour of each plaintiff. Judgment was given accordingly, and this judgment was affirmed by the Court of Appeal. But a majority of the House of Lords held that no action lay, on the ground that "an act lawful in itself is not converted by a malicious or bad motive into an unlawful act, so as to make the doer of the act liable to a civil action."

We will now contrast with this case that of *Quinn v. Leathem* [1901] A.C. 495. In this case the defendants were the officers of a Trade Union of butchers' assistants at Belfast, and the plaintiff was a master butcher. The plaintiff had been employing a man who was a non-unionist, and although he offered to allow his employee to become a member of the Union, and to pay to the Union all fines and subscriptions incurred by him, the defendants refused to accept this offer, and insisted on the dismissal of the non-unionist. In order to put pressure upon the plaintiff, and to punish him for his refusal to comply with their demands, the defendants, acting in concert, took the following steps: they induced his workmen to leave him, in some cases in breach of contract, and they induced other butchers who were in the habit of taking meat from him to cease to do so, by threatening to call out unionists who were working for them. In an action brought in the Irish Courts, the jury found that the defendants had been guilty of a malicious conspiracy to injure the plaintiff, and awarded substantial damages. Judgment was accordingly given for the plaintiff, and this judgment was affirmed by the Court of Appeal in Ireland, and ultimately by the House of Lords. There can be no doubt, to anyone who reads the judgments given by the Law Lords, that they were fully alive to the difficulty caused by the decision in *Allen v. Flood*. This difficulty they solved by differentiating the present case on the ground of the existence of a combination or conspiracy. In *Allen v. Flood* the judge before whom the case was tried had expressly ruled that no evidence of combination or conspiracy was forthcoming, and several of the Law Lords who delivered judgment in that case in favour of the defendant had definitely reserved their opinion upon the question of conspiracy. It was therefore perfectly open to the House of Lords to decide as they did in *Quinn v. Leathem*, that the principles laid down in *Allen v. Flood* are not to be extended to a case where the element of combination or conspiracy exists. That this element is sufficient to distinguish the two cases will be apparent if we observe that, with one exception, the conduct of the individual workmen in leaving the

employment of the plaintiff and his customers was lawful. The exception is the breach of contract which in some cases was involved in their ceasing to work, and earlier decisions had established the rule that not only breach of contract, but also the inducement of a breach of contract, is unlawful. But the House of Lords expressly declared that their decision covered the whole of the conduct of the defendants, and would have been the same if no breach of contract had been induced. Apart from this breach of contract, every workman employed by the plaintiff or his customers was perfectly at liberty to leave such employment, and any single officer of the Trade Union, acting by himself, would have been at liberty to announce to the plaintiff or his customers the workmen's intention to cease from work. A question may be raised whether it would have been lawful even for a single officer of the Trade Union to induce workmen to cease from work, though without breach of contract. For, according to the judgments of some of the Law Lords in *Quinn v. Leathem*, there was no evidence in *Allen v. Flood* that the defendant in that case had done more than announce to the employers the workmen's determination to go on strike, a determination which on this view was not due to his inducement. Apart from this doubt, however, the House of Lords certainly treated the element of combination as being the essential basis of the defendants' liability, and we will now attempt to consider within what limits such a liability arises.

If it was the rule that every combination which inflicts and is intended to inflict damage on another gave rise to a liability to pay compensation for such damage, the law would, at any rate, have the merit of certainty and simplicity. But this is not the law. Before *Quinn v. Leathem*, the House of Lords had recognised the possibility of a lawful combination being formed with the purpose and the result of inflicting damage. The leading case on this branch of the subject is the *Mogul Steamship Co. v. McGregor* [1892], A.C. 25. The plaintiffs were a steamship company trading to the Far East. The defendants were a large number of rival shipowners engaged in the same trade, who had formed themselves into an association which aimed at keeping the trade exclusively in the hands of its members, and carrying it on profitably by excluding competition. For this purpose they agreed that the number of ships to be sent by members of the association, the division of cargoes, and the freights to be demanded should be the subject of regulation; that a rebate of

5 per cent. on the freights should be allowed to all shippers who shipped only with members; and that agents of the members should be prohibited on pain of dismissal from acting for competing shipowners. When the plaintiffs sent a ship to a port the defendants sent more ships of their own, and lowered the freights so much that the plaintiffs could only carry at unremunerative rates. The object and the result of the defendants' acts was to benefit themselves by getting the whole trade into their own hands, and to damage the plaintiffs by inducing shippers and agents to have no dealings with them, and thus to drive them out of the trade. The Court of Appeal and the House of Lords held that the defendants were under no liability. The reason is best put by Bowen L. J. in the Court of Appeal: "The acts of the defendants which are complained of here were intentional, and were also calculated no doubt to do damage to the plaintiffs in their trade. But in order to see whether they were wrongful we have still to discuss the question whether they were done without just cause or excuse. Such just cause or excuse the defendants on their side assert to be found in their own positive right to carry on their own trade freely and in the mode and manner that best suits them, and which they think best calculated to secure their own advantage." And he then comes to the conclusion that such just cause or excuse is made out.

The same principle was illustrated in a Scotch case, which, however, as it received the approval of Lord Lindley in *Quinn v. Leathem*, may be assumed to be in accordance with English law, *Scottish Co-operative Society v. Glasgow Fleshers' Association* [1898], 35 Sc.L.R. 645. In this case some butchers induced some salesmen not to sell meat to the plaintiffs. The means employed were to threaten the salesmen that if they continued to do so, they (the butchers) would not buy from the salesmen. There was nothing unlawful in this, and it was held that the plaintiffs had no cause of action, although the butchers' object was to prevent the plaintiffs from buying in competition with themselves, and the butchers were acting in concert.

The result of a comparison of *Quinn v. Leathem* with the two cases last cited is to show that, at any rate with regard to the conduct of persons acting in concert, the Courts have adopted the second of the views stated earlier in this discussion as to the general principles of liability, namely, that combined action, if it is intended to and in fact does result in damage, *primâ facie* involves liability, but that such *primâ facie* liability may be

avoided if it is shown that the acts complained of are capable of some lawful excuse or justification. Such lawful excuse or justification has been held to exist where the acts were done in the course of ordinary commercial competition, in order to further the defendant's trade interests. This principle is sufficient in practically all cases to justify combinations between merchants or manufacturers, or employers generally. It is probably also sufficient to establish the right of workmen themselves to go on strike, a strike being an agreement between the workmen to abstain from working, and being entered into in the exercise of their right to dispose of their labour upon such terms as they find most to their interests. But the Courts have in no case recognised that any such justification or excuse attaches to the conduct of Trade Union officers who organise a strike. Their acts are not done in the exercise of any right to dispose of their own labour; on the contrary, the essence of such acts is a direction given to others, namely the members of the Union, not to work. The justification, if any, would have to be sought in a view that Trade Union activity upon the whole serves a legitimate social purpose, as ordinary trade competition is admitted to do, and that this legitimate purpose should avail to protect all acts done in pursuance of it, whatever injury and hardship such acts may involve, just as the most oppressive action of commercial combinations has been held justified on the ground of commercial competition. Such a view, however, is not one likely to be adopted by the Courts. The fact is that when once the principle is accepted that combined action gives rise to a *prima facie* liability only to be rebutted by showing a justification, the Courts, in deciding the question of justification, are really called upon to decide a question not of law, but of ethics or political economy, and there is a serious danger that the Courts will fetter themselves, if they have not already done so, by rulings, apparently on a point of law, but really based upon the ethical or economic views prevailing at a particular time and in a particular class. Where such ethical or economic principles are involved a case arises for the definition of the law by legislation. The question is no longer one for the decision of which lawyers have any special fitness; Trade Unions are entitled to have their rights and liabilities determined by statute, and no longer dependent on the views of public policy which a particular judge or set of judges may happen to hold.

The uncertainty in which the decisions of the Courts have involved the whole of the law relating to Trade Unions is not

even confined to the law of conspiracy. There are important dicta in the judgments in *Lyons v. Wilkins*, in *Quinn v. Leathem*, and in *Giblan v. National Labourers' Union* [1903], 2 K.B. 600, which suggest that, quite independently of the principle of combination, the action of Trade Unions may be hampered by the application of the principle of "interference with trade." It may well be, for instance, that every Trade Union delegate or officer who induces men to go on strike renders himself and his Union liable to pay damages on the ground that he has interfered with the employer's trade. This is particularly probable in the case of sympathetic strikes and strikes against non-unionists, or of the mere threat of such strikes. Thus in the case of *Lyons v. Wilkins*, where the unionists attempted to persuade the workmen of a sub-manufacturer to refuse to work, in order to put pressure upon the manufacturer against whom the primary strike was taking place, the Court described the conduct of the Union as being an "interference" both with the manufacturer and sub-manufacturer in the conduct of their business. So, too, in *Quinn v. Leathem*, among the grounds on which the defendants were held liable was the view held by some members of the House of Lords that the defendants were "dictating" to the plaintiff how he should carry on his business. In *Giblan v. the National Labourers' Union* [1903], 2 K.B. 600, in which case the defendants (two officers of a Trade Union) were held liable for persuading employers not to employ a former treasurer of the Union who had been expelled from it for misappropriation of Union funds, the conditions of a conspiracy were technically satisfied, it is true, by the fact that the defendants were two in number and had acted in concert. But Lord Justice Romer, in delivering judgment, showed that he, at any rate, considered that the same liability for interference with a man's trade would attach to a single individual acting alone.

"I should be sorry," he said, "to leave this case without observing that, in my opinion, it was not essential, in order for the plaintiff to succeed, that he should establish a combination of two or more persons to do the acts complained of. In my judgment, if a person who by virtue of his position or influence has power to carry out his design, sets himself the task of preventing and succeeds in preventing a man from obtaining or holding employment in his calling, to his injury, by reason of threats to or special influence upon the man's employers, and the design was to carry out some spite against the man, or had for its object the compelling him to pay a debt, or any

similar object not justifying the acts against the man, then that person is liable to the man for the damage consequently suffered."

If the principle enunciated in the passage above quoted is once definitely accepted by the Courts, it would seem that a Trade Union officer who organises a strike, or brings pressure to bear by the threat of calling out his men, will render himself and his Union liable to pay damages to any person who in consequence suffers any damage capable of being described as an interference with his trade or business, unless he can show that his object in so acting was one sufficient to "justify" his conduct, or, in other words, one which the Court regards as morally and commercially legitimate. Precisely the same economic or ethical questions would call for the decision of the Court as in the case of a conspiracy.

A yet further doubt as to the legality of strikes and the procurement of strikes is raised by the judgment of Lord Lindley in *Quinn v. Leathem*. At Common Law a strike was indictable as a criminal conspiracy, and according to the general principle of the Common Law such a criminal conspiracy, if carried out and resulting in damage, would give rise to a civil action for damages. The Conspiracy and Protection of Property Act, 1875, repealing and extending earlier statutory exemptions from this Common Law criminal liability, provided that "an agreement or combination by two or more persons to do or procure to be done any act in contemplation or furtherance of a trade dispute between employers and workmen shall not be indictable as a conspiracy if such act committed by one person would not be punishable as a crime." This section was cited in *Quinn v. Leathem* on behalf of the defendants, as establishing the legality of the acts complained of, but Lord Lindley denied that the section had any application to the question involved, and this on two grounds. In the first place, he held that it refers only to criminal liability, and leaves the civil action for damages untouched. In the second place, he was of opinion that the defendants' acts were not done "in contemplation or furtherance of a trade dispute between employers and workmen." His view seems to have been that the "dispute" referred to in the statute must be some difference arising directly between an employer and those in his employment, and not a dispute between an employer and a Trade Union or its officers.

The recommendations made in the majority report on this branch of the subject, and fully concurred in by Sir Godfrey Lushington, whose admirable account of the history and nature

of the law of conspiracy, contained on pp. 77 to 90 of the report, forms, as I think, an unanswerable argument in favour of a substantial amendment of the law, are as follows :—

“(2) To declare strikes from whatever motive or for whatever purposes (including sympathetic or secondary strikes), apart from crime or breach of contract, legal, and to make the Act of 1875 to extend to sympathetic or secondary strikes.

“(3) To declare that to persuade to strike, *i.e.* to desist from working, *apart from procuring breach of contract*, is not illegal.

“(4) To declare that an individual shall not be liable for doing any act not in itself an actionable tort, only on the ground that it is an interference with another person's trade, business, or employment.”

“(9) To enact to the effect that an agreement or combination by two or more persons to do, or procure to be done, any act in contemplation or furtherance of a trade dispute shall not be the ground of a civil action unless the agreement or combination is indictable as a conspiracy notwithstanding the terms of the Conspiracy and Protection of Property Act, 1875.”

Of these recommendations, (2) would exclude any inquiry by the Court into the motives or purposes of a strike, and would partly remove the difficulty caused by Lord Lindley's opinion as to the meaning of a “trade dispute between employers and workmen” in the Act of 1875; (3) would negative the distinction, suggested if not laid down in recent cases, between the action (possibly or probably illegal, as I think, under the present law) of Trade Unions or their officials in calling out the men and a spontaneous strike of the workmen themselves, which, at any rate in most cases, is probably lawful; (4) would prevent the introduction, which is to be anticipated, of a special action for “interference with a man's trade”; (9) is intended to free Trade Union action from being hampered by any civil action for conspiracy, but it may be doubted whether the adoption of this recommendation is the most satisfactory method of carrying out this object. In the first place, the proposal seems to go too far, inasmuch as it might be held to legalise an agreement or combination to commit an act which if done by an individual would be a civil wrong, though not a crime. In the second place, the limitation of the proposed immunity to agreements made “in contemplation or furtherance of a trade dispute” seems likely to reopen the doubt raised by Lord Lindley's judgment as to the meaning of a “trade dispute.” This possible doubt is not, I think, entirely excluded by the deliberate omission (see pars. 61 and 62 of the majority report) of

the words "between employers and workmen." It might, no doubt, be eliminated by a sufficiently wide definition clause, but there remains the objection which is rightly felt against legislation which confers special immunities on a particular class of persons, or on persons standing in particular relations. It might fairly be said that such an enactment would make Trade Unions into a class of privileged bodies. In my opinion, the simplest course would be to omit all reference to trade disputes whatever—that is, to declare legal any agreement or combination to do an act which would be legal if done by an individual, or, in other words, to abolish conspiracy as a substantive wrong. It cannot be said that such an abolition would abolish any rule of law which has been found of practical importance outside the limits of Trade Union activity. Apart from the Trade Union cases, civil liability for conspiracy cannot be said to have any practical existence. It is difficult to see in what cases combined action for other than commercial and Trade Union purposes is likely to assume such dimensions as to require the existence of some general principle of law dealing with it, unless possibly in times of exceptional political disturbance, as, for instance, at some periods in Irish history. Exceptional cases of this kind had better be left to be dealt with by special legislation if they are thought to call for such a remedy, instead of preserving a general rule the precise limits of which have never been defined, and are liable to be indefinitely extended at the practically uncontrolled discretion of the Court.

Status of Trade Unions.—Probably none of the decisions discussed in the earlier part of this article, nor any of the rules of law laid down in them, have aroused so much public attention, or caused so much indignation on the part of trade unionists, as the decision in the Taff Vale case, [1901] A.C. 426, which established the liability of a Trade Union to be sued in its registered or other name, to be restrained by injunction, and to have its funds taken in execution in order to satisfy the damages recovered for the wrongful acts of its officers. The importance of the decision lies in the fact that it first furnished an effective weapon for use in the law courts against any acts of trade unionists which the Court might hold to be illegal. It could make comparatively little difference what general principles the Courts might lay down with regard to picketing, combination, or interference with trade, so long as judgment could be recovered only against individuals who had no means to pay the damages for which judgment was

given, and whose places, if they were restrained by injunction, could be supplied by others against whom no injunction had been obtained. The result was very different as soon as it was laid down that a judgment for damages and injunction could be given against the Trade Union in its quasi-corporate capacity, the damages being payable out of the Union funds and the injunction binding every person who might act on behalf of the Union. The case was not one in which much sympathy can be felt for the Union, for the conduct of the unionists in respect of which the action was brought consisted largely of violence and threats of violence towards non-unionists, and forcible interference with the running of trains upon the railway—conduct, in short, for which those responsible ought not to be, on any view, freed from liability. Now the liability of the Union as such for the conduct of those acting on its behalf was held to be established by two different lines of reasoning. In the first place, the Union was treated as having a quasi-corporate character—that is, it was put on the same level with artificial entities expressly endowed by law with a legal personality, such as joint-stock companies, at any rate so far as liability is concerned. In the second place, it was held by some, at least, of the Law Lords, that even though the Union be treated as a mere aggregate of individuals, nevertheless the procedure of the Court would enable an action to be brought against the whole of the individuals forming the Union, if the writ of summons was served upon a small but representative number of the members. The first of these views resulted from the interpretation which the Courts put upon the provisions of the Trade Union Act, 1871, an Act which, having recognised Trade Unions and conferred on them large powers of holding property, could not (it was held) have intended to leave them free from legal liability. The second view resulted merely from the application of principles laid down in a case which had nothing to do with Trade Unions at all, as to the nature of a “representative action,” *Duke of Bedford v. Ellis* [1901], A.C. 1, but which reversed the rule previously laid down by the Court of Appeal as to the capabilities of such an action, in *Temperton v. Russell* [1893], 1 Q.B. 715. Upon whichever view the decision in the Taff Vale case proceeded, it came as a complete surprise to trade unionists, for the report of the Royal Commission on Labour, issued in 1894, had assumed that a Trade Union could not be effectually sued in tort.

The members of the present Commission are unanimous in

holding that the general principle established in the Taff Vale case ought not to be disturbed by legislation. It is difficult to see upon what grounds they could have come to any other conclusion. Granted that evidence is forthcoming to show that the Legislature in 1871 intended that Trade Unions should have no corporate or quasi-corporate capacity for suing or being sued—evidence, however, it must be remembered, which, according to well-known rules of interpretation, the Courts had no power to take into account in order to aid them in putting a construction upon the Act of 1871—this fact seems to afford no argument for holding that legislation should now be passed in order to carry out that intention, if, as a matter of fact, general principles of justice require that Trade Unions should be liable, like any other person or body of persons, to make good damage caused by their officers and agents acting within the scope of their employment. The theory of vested interests can hardly be pressed so far as to maintain that Trade Unions are entitled to immunity from this liability merely because it was assumed up to the time of the Taff Vale case that they possessed it. Those who maintain that Trade Unions alone should be free from liability for the acts of their agents must show positively in what way the position of a Trade Union is so different from that of any other person or body of persons as to entitle it alone to such an extraordinary immunity.

The arguments which have been advanced in favour of this freedom from liability are entirely inadequate. It is urged that the phrase "scope of employment" has been so interpreted as to render a Trade Union responsible for acts of its subordinates which were in fact, in the ordinary sense of the word, unauthorised by its executive officers. But though this interpretation may have worked a hardship in particular cases, it is a hardship not different in kind or extent from that which has in many cases been inflicted on employers of labour or other principals. If any remedy is required, it lies in a restatement of the rules as to the liability of a principal for the acts and defaults of his agent, not in an exceptional treatment of Trade Unions. Again, it is said that workmen's Trade Unions are at a disadvantage when compared with combinations of employers, because Trade Unions must for their own purposes necessarily have ready a large fund, whereas combinations of employers can raise money quickly upon an emergency, and therefore need have no fund ready which would be liable to satisfy a judgment against the combination. But

those who use this argument forget that the property of employers can be equally well taken in execution to satisfy a liability incurred by their combined action, whether such property remains in their individual hands or is collected into a common fund, whereas it would be futile to issue execution against the private means of individual workmen. Another ground on which it has been sought to exempt Trade Unions from this liability is the argument that Trade Unions are not, like joint-stock companies, profit-making bodies. But surely this argument does not lie in the mouth of those who point to the economic function of Trade Unions in advancing the material and pecuniary interests of their members as a justification for their activity similar in kind to that which has been held (as in the *Mogul* case) to make lawful the conduct of a commercial combination. More plausible is the argument that the proposed immunity would be a fair set off against the incapacity of Trade Unions to enforce certain kinds of contracts against their own members. But in truth the two things have nothing to do with one another. It would be hard to maintain that a Trade Union is incapable (if it thought it worth while to sue) of recovering damages from one of its officers whose unauthorised acts involved it in liability, and it is only incapacity of this kind which ought to be material to the question of its liability to third persons. That an agreement by the members of the Union to go on strike, or to pay their subscriptions, should be enforceable is arguable enough; but the fact that such contracts are not enforceable seems irrelevant to the present question.

The majority of the Commissioners, although they do not propose totally to free Trade Unions from liability, make two proposals (neither of them concurred in by the two dissentient Commissioners) for a limitation of liability. They propose—

“(5) To provide for the facultative separation of the proper benefit funds of Trade Unions, such separation, if effected, to carry immunity from these funds being taken in execution.

“(6) To provide means whereby the central authorities of a Union may protect themselves against the unauthorised and immediately disavowed acts of branch agents.”

The two proposals do not stand on the same footing. The first seems defensible on the ground that Trade Unions serve two entirely distinct purposes, first as benefit societies, and secondly as fighting organisations, and that if they are willing to keep these purposes and the funds respectively devoted to them really distinct, so that the benefit funds cannot be used for fighting

purposes, there is nothing inequitable in a provision which would keep the funds held in one capacity immune from liability incurred in another. The same result might conceivably be obtained without special legislation, though very cumbrously, by an elaborate system of trusts, or by forming two bodies for the two purposes, but consisting of the same members. It is true that, just as a policy of insurance may be taken in execution for the policy-holder's debt, so the interests of members in the benefit funds are, and ought to be, liable for the wrongdoings of the members, and therefore (if and so far as the quasi-corporate acts of the Union can be treated as the acts of the members) for the acts of the Union. But this is no reason why the undivided funds should be directly available to satisfy such liability, the more so when it is remembered that under the power of nomination given by the Act of 1876, sec. 10, the persons interested may be non-members.

Of the second of these proposals, it is enough to say that no reason is urged in its favour except the often imperfect control which the central executive of a Union exercises over its branches and their agents, or, in other words, that the defective organisation of Trade Unions is a ground for limiting their liability to outsiders.

The majority of the Commissioners also recommend that legislation should be passed "(1) To declare Trade Unions legal associations," and "(7) to provide that facultative powers be given to Trade Unions either (a) to become incorporated subject to proper conditions, or (b) to exclude the operation of sec. 4 of the Trade Union Act, 1871, or of some one or more of its sub-sections, so as to allow Trade Unions to enter into enforceable agreements with other persons and with their own members." The former of these proposals seems open to the objection made by Sir Godfrey Lushington that all that can be done in this direction has been done by the Trade Union Act, 1871. A Trade Union is at present "presumably legal until it pursues purposes which as a whole are unlawful: then it ceases to be so." If the proposal means anything, it would seem to have the effect of making legal in the case of a Trade Union what would be illegal in another body of persons. The other proposal will have to be seriously considered when Trade Unions and their leaders are unanimous in calling for it: till then it is sufficient to say that though incorporation might be a matter of some convenience to Trade Unions, it would not practically bring about a material alteration in their status, while the proposal to enable them to enforce agreements of the kind which the existing law declares unenforceable raises the large

question, for the decision of which the time has not yet come, whether the rules which the Courts have laid down as to contracts in restraint of trade really serve any useful purpose of public policy.

W. M. GELDART

Note.—The judgment of the House of Lords delivered on May 14 in the case of *Denaby and Cadeby Main Collieries Ltd. v. Yorkshire Miners' Association* is important as rendering it probable that one hardship anticipated by Trade Unionists from the application of the *Taff Vale* case is not likely to arise in practice. It was held upon the facts proved that the branch officers and committee were not the agents of the defendant Trade Union, and that the latter was therefore not liable for the unlawful conduct of the former in bringing about a strike which involved breaches of contract. If it should turn out that the relations of branches and their officers to the central organisations of Trade Unions are as a rule similar to those which existed in this case, the argument is strengthened against any proposal to confer exceptional immunities upon Trade Unions. Beyond this, the case appears only to decide that the grant of strike pay by the Union to men on strike is not in itself an unlawful act, and that it does not become unlawful as against the employer merely because the use of the money for this purpose is a breach of trust as against the members of the Union. But that a body of employers should have made, and a Court of first instance have held good, a claim for damages against a Trade Union, because it gave pecuniary support to its members on strike, is a remarkable illustration of the uncertainty into which the law has been brought by recent decisions.

ON SOME UNSETTLED QUESTIONS OF PUBLIC CREDIT

ON some of the most important questions of public credit there exists perfect unanimity among the authorities; on other points no such agreement exists, or the questions have never perhaps been fully discussed. We will consider first the points which may be regarded as established :—

Public Debts are as indispensable to-day as they were a hundred years ago. The progress of modern statecraft, the scientific study of public finance and taxation, have done nothing to diminish this necessity. The most advanced of the civilised countries of the new century are just as dependent on loans as the most backward, however their requirements and conditions may differ in other respects. Thus Great Britain contracted a National Debt of 547 millions sterling between the years 1793 and 1815. In 1816 her total indebtedness amounted to 816 millions, but in 1898-9 this figure had been brought down by means of successive redemptions to 635 millions. This improvement, however, which it had taken more than eighty years to achieve, was almost entirely wiped out in the few years that have since elapsed, and in 1904-5 the debt had again risen to 797 millions. It is true that in the interval the population of the United Kingdom increased from 20 to 44 millions. Nevertheless, the yield of taxation per head of the population remained practically stationary during this period, *i.e.*, it was 50*s.* per head in 1817, and 57*s.* in 1904-5. And there is no doubt that a more important and financially more exhausting war than the recent South African struggle would be followed to-day, just as would have been the case a century ago, by an increase in the National Debt on quite a different scale.

The truth is that a State may possess in its system of taxation ample resources for the satisfaction of its ordinary needs, but for its extraordinary requirements it must always resort to bor-

rowing. For the limits within which it either can or will increase its revenue—whether by the imposition of new burdens or the extension of existing ones—are strictly defined, and the only alternative is an increase in the National Debt. In this respect the practice of various nations and the state of their finances vary very little, and countries in a lower stage of political development may console themselves with the reflection :—"Solamen miseris socios habuisse malorum."

The comparison cannot, however, be pushed any further. And this brings us to another point on which there exists substantial agreement, the principle, namely, that the progressive development of public credit goes hand in hand with the development of political standards. The increasing security of loans made to the State tends to facilitate their negotiation. This security, again, depends on the inviolability of the given pledge, and on the public institutions and the financial strength necessary to guarantee this inviolability. The nation which has most honourably and consistently held its promises sacred must be placed in the front rank, while at the further extreme stand those whose pledged word—whether from moral and political or from economic and financial deficiencies—is little better than a farce.

In the study of these phenomena, as in all problems of economic development, two alternative methods of comparative treatment are possible. We may take a State and trace the development of its finance and public debt throughout history, or we may study the diversity that exists at the present day, which, if we understand how to select our facts, will afford us an instructive succession of types of the different levels of progress. An instance of the extreme lower end of the scale at the present day—the counterpart, by the way, of what the civilised States of Europe were in the past—occupied the attention of the English House of Commons about thirty years ago. It was the case of those adventurous loans contracted with the assistance of some London firms on the London Stock Exchange by several Central American Republics, in the exposure of which Sir Henry James rendered signal public service. (Report of the Select Committee on Loans to Foreign States, together with the Proceedings of the Committee, Minutes of Evidence, etc., July 29th, 1875.) Among these was the loan raised by the Republic of Honduras, which for the previous forty years had been unable to pay either the interest or the principal of a debt contracted as far back as 1825 with the United States of Central America, and this although the interest amounted to no more

than £1,632 annually. The new loan of 1867 amounted to one million sterling, and yet the ordinary revenue of the Republic, which, by the way, was absolutely indispensable for the current expenses of the Government, was already pledged in another direction. The Bonds were redeemable in fifteen years, and the interest was fixed at 10 per cent. As a matter of fact, the total sum that ever reached the bondholders in the shape either of interest or sinking fund did not exceed £106,000. The promoters and negotiators were shady characters, some of whom had a previous acquaintance with the criminal courts. In this way, and with similar results, a number of loans were raised on the London and Paris Exchanges by other Central American Republics.

Between these two extremes, with England, France, Germany, and the United States of America at one end of the scale, and the above-mentioned types of primitive barbarity at the other, we get in a graduated series all the financial administrations of the modern world. The position which a State occupies in this scale will determine the credit which it enjoys and the conditions under which it can obtain loans. A sound credit and a low rate of interest, an uncertain credit and a high rate of interest, go hand in hand.

Another point which may be regarded as settled is the influence which the demand for public money exerts on the stock market, *i.e.*, on the conditions under which loans are raised. The rate of interest falls with a diminished demand for money and rises with increased competition. Or, to put it in a different form, loans become dearer when the public does not wish to lend, and cheaper when the stock is in general demand.

This is clearly illustrated by the fluctuations in the price of English Consols in the last ten to fifteen years. The $2\frac{3}{4}$ per cent. Consols reached their maximum price in 1897 (*i.e.*, in May, 1897, the average price was $113\frac{1}{4}$ per cent.). In the succeeding years, in response to the calls made on the English stock market by the Boer War, they fell about 20 per cent.

A similar effect in the opposite direction is produced by the growth of available capital, *i.e.*, by that floating capital which seeks investment in State securities. Such a development has taken place in England during the past thirty years. The average yield of English railway companies on the price of their ordinary shares thirty years ago was 5 per cent.; to-day it varies from $3\frac{1}{2}$ to $3\frac{3}{4}$. The debentures of the same companies paid 4 per cent. where they now pay 3 per cent. The case of Consols is

analogous; in 1874 the rate of interest was 3 per cent., and the purchasing price varied from 91 to 93; to-day their price is still 91, while the interest has fallen to $2\frac{1}{2}$.

It is clear that the general commercial activity of the country, in so far as it does or does not attract the floating capital, exerts a corresponding influence on the Exchange price and the interest on Consols. When production is active and the capital of the country is absorbed by spirited industrial and commercial enterprise, it is withdrawn from State securities and the price of these falls or the interest rises. In times of depression, on the other hand, there is less demand for capital; a variety of undertakings have possibly ended disastrously; at any rate, capital is withdrawn from commercial enterprise. In these circumstances it seeks a home in State securities—a species of investment which is safe if not very profitable. The price of Consols rises, or, which is equivalent, the rate of interest falls.

Such are the points about which there is no dispute, the causes which admittedly govern the conditions and fluctuations of public credit and public loans. There may be other points on which it is needless to dwell at greater length, the aim of this article being to clear up the questions which have not yet been settled, and therefore require discussion.

II.

My attention was directed to these points mainly by recent events in the Far East, and their influence on the financial position of the two hostile countries. To the student of the great problems of history, and of the progressive development of nations and races, the war has proved both stimulating and instructive. So, too, with our own branch of research. We may even go further and say that the figures which represent the transformation of the national credit and the national debts of the two countries are, as it were, shorthand records of those same great changes which came upon the world like a thunder-clap and have since become the subject of deep and searching investigations.

In March, 1904, the stock of the Japanese National Debt stood at 62 per cent., on August 30th, 1905, its price was $89\frac{1}{2}$, and it has gone up a little further since the conclusion of peace. The Russian State securities stood at par on December 15th, 1903, at $91\frac{1}{2}$ on August 30th, 1905, and to-day (April, 1906) their price is 82 per cent. What is the meaning of these changes?

In the first instance they are, of course, the reflex of contemporary events, of the victories and defeats of the two Powers. In the case of Russia it was not defeat in battle only, but the internal revolutionary disturbances which proved even more clearly than the reverses on sea and land how low was the stage of development which the country had reached. It is characteristic that the fall in securities has been even greater since the conclusion of peace than it was during the whole period covered by the war. Until then it had been possible for those who were inclined to take a charitable view of the Russian reverses to shut their eyes to the real cause of these failures. But the events of the concluding months of 1905 and later did away with all possibility of illusion on the score of Russia's political development. The revelations made by the internal disturbances which followed closely on the Russian reverses exposed once and for all the true causes at work. Whether we direct our criticism from above downwards, or from below upwards—whether we adopt the standpoint of the old powers of the State or the new, the Dynasty, the Army, the Bureaucracy, or the People, with its varied elements, social grades, and different racial origins, etc., in every case we are equally impressed with the magnitude of the problem. It is the well-known old Russian paradox—the combination of an abysmal depth of barbarism with the deceptive veneer of European civilisation.

With regard to Japan, on the other hand, we find a prevailing tendency to pronounce her financially exhausted by the war. This is due partly to the desire of certain critics of the situation to give a verdict as favourable for Russia as circumstances will permit, and partly to the effect produced on the minds of quite impartial judges by Japan's readiness to accept the surprisingly moderate terms of peace. In view of this alleged exhaustion, it is all the more astonishing that Russia, with her boundless financial resources—as a friendly critic puts it—should have sunk so low in the world's estimation, while Japan, with her exhausted exchequer, has risen so high. This remarkable contrast brings us somewhat nearer to the consideration of the causes at work, to the uncertainty that exists on some unsettled questions of public credit.

What are the causes which led to the rapid change in the market price of Russian and Japanese State securities? Certainly not the cost of the war. Else how should Japan, in spite of this expenditure, in spite of her renunciation of an indemnity, in spite of her financial exhaustion, have contrived to rise in the world's

estimation, so far as this is expressed in a demand for her securities? The causes which we are seeking lie deeper. They are to be found in the opinion which the world holds of a nation's political standards, of the soundness of her institutions, the inviolability of her pledged word, in the last resort of the moral principles which inspire and the intellectual faculties which direct her people's activities. The change in public opinion concerning Japan is easy to explain. Her achievements in the late war concluded her period of probation, and gained her a footing in the community of civilised nations. In addition to this she has given proof of political, technical, moral, and intellectual qualities which mean much more than mere military prowess. The credit that springs from the appreciation of these facts is of more importance than any transitory financial advantage. It is strong enough to compensate, and indeed to do much more than merely compensate for her temporary monetary difficulties.

The question of the change in the Russian financial position is somewhat more complicated. Before the war with Japan there was a widespread and quite undeserved confidence in Russia which led to her inclusion in the great family of the civilised States. It may be that this did not extend to other aspects of her national life, but it did at any rate include the particular aspect with which we are here concerned. Two countries were especially affected by this view—France and Germany. France was induced to enter into that remarkable arrangement, the Franco-Russian Alliance. Germany was not on the same terms of amity with Russia, and her conduct and that of her capitalists can therefore only be ascribed to an even stronger prejudice or an even deeper ignorance of the state of Russian affairs.

It must be counted among the most surprising abnormalities of the phenomena of public credit that for a difference of $\frac{1}{2}$ per cent. in their dividends a number of German capitalists were enticed into lending their funds to the Russian Government instead of to their own. How great was the illusion from which they suffered is clearly shown by the following comparison, which recent changes have accentuated still further. The highest figure reached by Russian 4 per cent. Stock before the war was 103 per cent. In October, 1905, the Banque de Paris tendered 90 per cent. for a new issue of a thousand millions. To-day (April, 1906) there is a rumour of a new loan of $3\frac{3}{4}$ thousand million francs to be raised in Paris, of which sum $1\frac{1}{4}$ thousand is already subscribed. The stock will earn a dividend of 5 per cent., and is to be issued at 88. How the rate of exchange will stand for

subsequent portions of the great loan remains to be seen. But even an exchange rate of 88 for 5 per cent. interest as against the former maximum of 103 for 4 per cent. represents a decline in the national credit of 40 per cent. We shall return to this subject later.

This leads to another point. We must observe that it is by no means solely the opinions current among a people or even among its capitalist class regarding the trustworthiness of another nation which settle the question of credit. Definite political influences co-operate in this matter, influences which emanate from the headquarters of the borrowing State, penetrate thence to the financial powers of the lending nation, and so provide a stimulus for the investment of capital in the funds of foreign countries. The achievements of the Franco-Russian Alliance in this direction, the effects of the German prejudice, or whatever we may like to call it, in favour of Russia now seem likely to be counteracted by the influence of certain recent diplomatic events. The actual effect of such influences on the demand for the Russian loan is not easy to estimate. But to make it solely responsible for the success or failure of the negotiations is, I think, an exaggeration. Is it conceivable that after such catastrophes as we have witnessed, after such revelations into the conditions existing in the Russian Empire and among the Russian people, the judgment of foreign capitalists as to the advisability of taking up the loan should be entirely subject to the word of command of their Governments or their *haute finance*? Can we rate the judgment of nations and their capitalists so low as to suppose that they must be entirely guided in so important a matter by orders from headquarters? Are they politically and economically so undeveloped that their attitude must needs be that of children to their guardians, and worse, that they allow themselves to be led by their guardians in the wrong direction without bringing their own better judgment into play?

Here we touch on the central point of the problem. "The disease is the desire of people to get a high rate of interest for their money," said Baron Rothschild before the Select Committee of the House of Commons on Foreign Loans. This disease would not be what it is if the striving for an advantageous investment of capital were accompanied by a proper insight into the facts of the case, an adequate appreciation of the causes that may justify the higher rate of interest, of the circumstances that make it reasonable or the reverse. The less independence, however,

capitalists retain in their opinions, the more these other powers, *i.e.*, diplomacy, *haute finance*, the Press, the Stock Exchange, and so forth, step into the breach. It is not for everyone that the disease of which Baron Rothschild speaks is attended by dangers. For him and for his firm the desire for a high rate of interest was not only innocuous but advantageous, for it was combined with a correspondingly sound judgment. The very reverse is the case with the great majority of capitalists, whose judgment on questions of finance is so weak that they really need some kind of protection. We might establish—were such a thing possible—regulations similar to those in force for minors, whose estates are administered according to fixed principles and within the rigid limits of trusteeship.

How the capitalist classes of various countries differ in their judging capacities it is difficult to say. But we may trace certain indirect influences at work, for the disease is present in varying degrees of intensity in every country. That section of capitalists, or rather that portion of their capital which seeks investment at a high rate of interest varies inversely with the remainder of the capital which has no such desire. When a country has much floating capital, and especially when this is possessed by large owners, there is a tendency to be satisfied with a moderate rate of interest, provided this goes hand in hand with security. The greater a man's wealth the more precautions he can take in the disposition of his capital without crippling his revenue. This kind of investment has the further advantage that it leaves the possessor free from care and worry to enjoy the other interests of life. The smaller the fortune the stronger will be the owner's inducement to increase the earning power of the capital—a course generally attended by considerable risks. For the rest, a variety of causes may contribute to the popularity of a country's securities. The long standing of her constitution, the character of her institutions, the patriotic instincts of her population, a widespread conservative predilection for home investments rather than foreign enterprise—these are the causes which appear to explain the high price of British Consols (or their low rate of interest) as compared with the securities of other countries.

How can we account for the existing differences in the price of French and German Government stock? The French Republic at the present day pays 3 per cent. on its National Debt, the German Empire and the Prussian State pay 3½. Why? If we try to explain this by the difference in stability and security

of the forms of government we come upon a curious paradox. France has experienced during the nineteenth century a constant repetition on a small scale of the great upheaval which brought the eighteenth century to a close; the Republican Government now in force, for more than a generation, has frequently found itself in a position so questionable as to foreshadow immediate disruption. This condition of affairs would afford a plausible explanation of the higher price of British Consols over the French *rente*. But we are comparing the French *rente* with German State securities, and the lower price of the latter can certainly not be explained by any such insecurity of German institutions as compared with French.

On the other hand, certain national characteristics of the French do undoubtedly afford an explanation of the higher price of the French *rente*. Such are the widespread moderation of the rank and file of small capitalists, their highly developed thriftiness and their economic skill in utilising a small income to the best advantage. Further, we find that conservative patriotic instinct which shows itself in the high value placed on home securities.

There is a consideration most significant in private financial relations, which, oddly enough, appears to play no part at all in the credit of great States. This is proved by the price of German national stock on the one hand, and of the Prussian State loans on the other. We know that the bulk of the National Debts of the present day, like those of a hundred years ago, has been incurred for unproductive purposes. The money has been required to meet the extraordinary expenditure of wars—small or great, short or tedious. Or we have the kindred needs of armed peace, with its warlike equipment on sea and land. It is quite exceptional that public loans are raised for productive purposes, and when this does happen the borrower is generally a local, not a State or a national authority. But there is one State, *i.e.*, Prussia, whose National Debt differs entirely in character from that of other States. Her debts were contracted for productive purposes solely, as her great unproductive expenditure has for the past forty years been separated from Prussian finance and vested in the new Empire. Prussia incurred her National Debt by buying railways, and if the expenditure was in itself productive, the result of this nationalisation of railways has been completely productive also. The capital invested in railways, for which $3\frac{1}{2}$ to $3\frac{3}{4}$ per cent. has to be paid to the stockholders, earns

a yearly dividend of 8-9 per cent., and has done so for a long period of years.

The German Empire, on the other hand, has gradually contracted a debt of $3\frac{1}{2}$ thousand million marks—a sum equal to about one-half the Prussian debt—to meet the “extraordinary” needs of the equipment of its Army and Navy. The difference between the uses and the productiveness of the two debts has not in any way affected the Imperial credit or the price of its securities. As a matter of fact, the German national securities and the Prussian stock have for many years stood at the same figure. And if every now and again small differences arise they are just as likely to be in one direction as in the other.

If in the foregoing exposition the differences in the market price of the stock of various countries has been deemed worthy of investigation and discussion, there is no occasion to inquire why these differences (between England, France, and Germany) are as small as they actually are and not greater. The international stock markets ensure a certain tendency to a common level, and it is no more remarkable that this difference is comparatively small than it is that the English investor prefers English Consols to French *rente* or German stock, provided he can get it at the same price.

The problem to be investigated lies in another direction. Why is there any permanent difference of price at all? Why does not the price of French or German funds rise in their own markets to the same height as English Consols?

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THE PROGRESS OF THE SMALL HOLDINGS MOVEMENT

IN the year 1890 a Select Committee was appointed "to inquire into the facilities which exist for the creation of small holdings in land in Great Britain; whether, either in connection with an improved system of Local Government, or otherwise, those facilities might be extended; whether in recent years there had been any diminution in the number of small owners and cultivators of the soil; and whether there was any evidence to show that such diminution was due to legislation." The result of that inquiry was a strong and unanimous expression of opinion "that the extension of the system of Small Holdings was a matter of national importance, that it was desirable in the interests of the rural population, to whom it offered the best incentive to industry and thrift, and that it was calculated to add to the security of property by increasing the number of persons directly interested in the soil." "It would undoubtedly," the Committee's report continued, "tend to raise the character of the labouring class and to stay that migration from the country to the towns which had already caused some deterioration of the rural population and had led to what had been described as the 'survival of the fittest.'"

As a direct outcome of that report the Small Holdings Act of 1892 was passed. Fourteen years have elapsed since it was placed upon the Statute Book, and a melancholy result as an outcome of this legislation has to be recorded. Only eight County Councils in England have acquired land under its provisions, whilst the total area of land so acquired is only 569 acres, which means practically an average of forty acres a year since the passing of the Act; and the total number of tenants placed on the land under its provisions has been 166, or an average of twelve small holders a year since 1892.

Another Select Committee appointed last year by the late

Government is now sitting, and its report may be anticipated before the close of the present Parliamentary Session. Great things are hoped for from this report, based as it will be upon the experiences of the preceding fourteen years, and legislation is sure to follow in the next Session of Parliament.

There are, in my judgment, two reasons for the failure of the Small Holdings Act of 1892. Firstly, there are no compulsory powers. The County Council may decide there is a genuine demand for small holdings, and then find it is prevented from satisfying that demand because no land is obtainable by voluntary methods of acquisition. That has happened more than once to my knowledge. Secondly, the County Council, which alone can put the Act into operation, represents the dominant influences in the country rather than the aspirations of the class wanting small holdings. Consequently the impetus that is needed in a progressive movement is absent. Further powers must be given to the locality of taking action in the first instance, whilst in cases where the County Councils refuse to grant applications for small holdings, the Board of Agriculture should step in and act as a Court of Appeal, by setting up a body of Small Holding Commissioners, whose duty it would be in the first instance to foster the demand and then to supply the needs of the applicants.

Of course, at the outset, it must be realised that the land in some parts of the country is much more adapted for small holdings cultivation than that in other parts, and, therefore, the success or failure of small holdings in one particular district cannot be used as an argument for or against the multiplication of small holdings in other districts. It so happens that my lot has been cast for the last twenty years in South Lincolnshire, a district specially adapted for small holding cultivation, and consequently I am quite ready to recognise that the success which has attended our efforts there might not be attainable to such an unqualified extent in other parts of the country. Still from later experience I have had in Norfolk on land of varying description and half the capital value of the Lincolnshire land, and from reports that have come to me of the success of small holdings in Worcestershire and other counties, I am convinced that in most agricultural districts small holdings can be made a success if right methods are adopted, reasonable precautions taken, and, above all, tenants selected from amongst the natives of each particular district in which the land is situated, who, by long experience, understand the nature and possibilities of the soil in their neighbourhood. And, moreover, the tenants

should be placed on the most suitable land available (by "suitable land" I mean land fairly accessible to those who are to cultivate it).

The demand for land for small holdings purposes grows by what it feeds upon. Twenty years ago when we started the land movement in South Lincolnshire we had to be content with small beginnings. It took us some seven or eight years to foster the spirit of independence and to get the agricultural labourers upon allotments averaging one acre each in extent. During that period, in the nineteen parishes in which I made it my business to promote this movement, we secured no less than 1,600 acres of land, mostly in one-acre lots, for allotment purposes. It was from amongst these allotment tenants that we afterwards found our small holders, for many of them soon outgrew their one-acre plots and agitated for more land. As a result of that agitation, which was of an organised character, we succeeded in getting the County Council to purchase 182 acres for small holding purposes, almost immediately after the passing of the Small Holdings Act of 1892.

This is let to some seventy tenants who are paying the fair average rent of the district, and their rentals suffice to cover not only the interest on the purchase money, but the annual instalment of the repayment of the loan, the County Council having borrowed the money and spread the repayment over a term of fifty years. During the twelve years that this land has been under small holders' cultivation they have paid a total rent of upwards of £5,000, and less than £10 has been lost. Indeed, during the last five years not a single penny of rent has remained unpaid, nor have any of the tenants been behindhand in their payments.

These 182 acres of County Council land, however, only partially met the growing demand in this district, and as the County Council were timid in purchasing further land until they were quite satisfied that the experiment would succeed (this at any rate was the excuse made at the time and it still continues), seven private individuals formed a Voluntary Small Holdings Association, of which I have the honour of being Chairman, for the purpose of making further provision for small holdings in this neighbourhood. And I am glad to say that Earl Carrington, who had already sold one of his farms to the County Council, again came to our rescue and leased to our Association two farms of 650 acres in extent. This is now parcelled out amongst 202 tenants, the gross rental being £1,323, out of which the Associa-

tion pays rates, drainage, road repairs, and other incidental expenses.

The difficulty which a good many landowners, who are in sympathy with the movement, profess that they cannot overcome is that of the houses and buildings for the accommodation of the men. I quite recognise that this is a real difficulty, but it is not one that is insurmountable, especially where the movement has a natural growth, as it had in South Lincolnshire. In the case of the County Council there was only one house upon the 182 acres which they purchased, but they had no difficulty in letting the land to men in the vicinity without supplying even buildings for their accommodation. The men have gradually erected buildings of their own either upon their land or at the backs of their cottages, and the ingenuity which they have displayed in finding accommodation for their horses, young stock, and implements is remarkable.

On the two farms leased from Earl Carrington we were more fortunate, because there we had two farmhouses, three other useful cottages, and two excellent sets of buildings. In each case these farm buildings have been divided up amongst the seven or eight largest tenants, whilst the other tenants have made provision for themselves. The greater part of this land has now been under small holding cultivation for more than ten years, so that it is certainly beyond the experimental stage, and we may look upon it as a permanent success; so much so that Lord Carrington has this year built six further houses upon the land, specially adapted for small holders, and the Association, leasing the farm, is spending £500 upon buildings, which the tenants have agreed to hire on such terms as will indemnify the Association against loss. Indeed, I have no hesitation in saying that if the acreage of land were doubled we could readily find tenants in this immediate district.

As I said previously, all this land is especially adapted for small holding cultivation, and although the small holders have hitherto been handicapped by having no system of co-operation to fall back upon, they have had the supreme advantage of kind and responsive soil—soil which can be cultivated at all seasons of the year without excessive horse labour. I am glad to say we are gradually introducing methods of co-operation, and we have a Tenants' Bank with a sum of £250 to its credit.

Passing from this experience, I now come to the experiments on the lighter land in Norfolk—land of half the capital value of that in Lincolnshire—and there is evidence that the small hold-

ings there also, although only created in 1900, show every sign of being an unqualified success. There again we formed a Voluntary Association, and started with a subscribed capital of £1,750, purchasing three farms, particulars of which I set forth in the following schedule :—

PARISH.	EXTENT.	Cost, inclusive of enfranchise- ment, conveyance, and adapting to small holdings.	No. OF TENANTS.	NET RENT, after de- ducting Tithes and Land Tax.
Swaffham	131 acres. Farmhouse, 2 cottages, new barns, & piggeries.	£3,407	32	£170
Watton	110 acres. Farmhouse, buildings, and three cottages.	£2,953	10	£130
Whissonsett	97 acres. Farmhouse and buildings.	£2,240	18	£110
Totals	338 acres	£8,600	60	£410

It will thus be seen that the three farms averaged a cost of £25 per acre, and that the net rental is equal to $4\frac{1}{2}$ per cent. on the entire cost. There are sixty tenants on the three farms who have been in occupation now for five years. All the rents have been promptly paid, and there has not been, up to to-day, a single penny of arrears. In addition to these three farms, some four years ago I privately purchased fifty acres of fenland on the borders of Norfolk and Cambridge, in response to an application I had from a body of labourers who were cultivating allotments, but who desired to increase their holdings. This was a very good illustration of the demand for land growing by what it feeds upon. I had no difficulty in finding tenants; indeed, the demand was so great on the night I went down to offer this land that I was met in the village club-room by a crowd of some eighty labourers who were prepared to take ten times the amount of land I had to offer. As a result of that the County Council of Norfolk has now purchased a farm of ninety-two acres in the vicinity, and, although it has only been let in small holdings for a year, I believe the Norfolk County Council will experience the same success as that which has been enjoyed in Lincolnshire.

This is briefly what has been done in the Eastern Counties,

but it is a mere bagatelle to what ought to be done if public interest were sufficiently aroused to see the vast importance of the movement from a national point of view. At present in this district we have only just touched the fringe of the subject. In the nineteen agricultural parishes around where our Lincolnshire small holdings are situate, containing 143,678 acres of land, almost all of it eminently adapted for small holdings, not two per cent. is under small holding cultivation. In the one parish of Holbeach, the largest agricultural parish in England, containing 21,133 acres, not more than the odd 133 acres is at present under allotments and small holdings. The labourers of this parish are a sturdy class, ready for small holdings, and have more than once petitioned the County Council to secure them land, and yet, although during the last ten years several farms have come into the open market, no attempt has been made to meet the wishes of this landless peasantry. The following startling statistics conclusively prove that this movement, though small, during the last ten years has done something in these nineteen parishes to which I refer to stem the tide of rural exodus :—

1881	...	...	...	...	population	...	38,789
1891	...	...	...	...	"	...	36,507
1901	...	...	...	...	"	...	36,392

These figures show a decrease in population during the ten years 1881 to 1891 of 2,282 persons, and during the last ten years a decrease only of 115. Surely these figures are most significant!

Unfortunately, whilst this small holding movement has been making slow progress, there has also been side by side with it the continued policy of adding farm to farm, the disastrous effects of which are well illustrated by a letter which reached me this week. The writer says : " There are, in this first week of May, fifteen labourers in this small parish out of work. I do not remember such a state of affairs, since I have been here, at this time of the year. I consider it is owing to too large farms. Two farmers now occupy nearly all the parish. They each of them have three distinct farms of something like 2,000 acres in extent. I remember when these farms were occupied by six persons, and agriculture was far more flourishing in the parish then. Indeed, an old labourer told me to-day that if the land was cultivated as it was in his younger days the present number of labourers in the parish would not be sufficient to do the work." And this is happening in a parish that has decreased in population from 666 in 1871 to 450 at the last census!

As to the measure of success which attends the efforts of these small holders, I have now had the opportunity of watching closely the progress of some 500 or more of these tenants, and I have no hesitation in saying that all but a very small percentage greatly increase their material prosperity by the cultivation of their small holdings. There are, of course, a few failures, due to the weakness of human nature, but the great bulk make a profit out of the land, and in many cases are constantly desirous of adding to their holdings, whilst the progress of a few is really quite extraordinary. Here is the balance-sheet of one who cultivates four acres of arable land. This labourer works regularly for the neighbouring farmers, and manages his small holding in the evenings and on spare days now and again. As will be seen, he hires his horse labour from one of the larger small holders :—

BALANCE SHEET ON SMALL HOLDING OF FOUR ACRES.

OUTGOINGS.		RETURN.	
	£ s. d.		£ s. d.
Rent (including rates and taxes)...	9 0 0	6 tons 7½ cwt. potatoes sold at 50s.	15 18 3
Hired horse labour :		6 tons ditto at 60s.	18 0 0
Ploughing ... 1 3 0		4 sacks consumed at 6s.	1 4 0
Drilling ... 3 9		Ditto, sold for seed ...	5 0 0
Harrowing ... 3 0		Ditto, kept for next year ...	2 10 0
Drawing potato rows ... 5 0		Ditto chats, eaten by pigs ...	1 0 0
Manure carting ... 10 0		Barley sold ...	6 0 0
Carrying barley ... 8 6		Barley consumed ...	6 0 0
	2 13 3	Carrots consumed... ..	1 10 0
Artificial manure ...	2 0 0	Mangolds	2 0 0
Seed potatoes ...	1 17 6		
Seed barley ...	12 0		
Seed mangolds and carrots...	2 0		
	16 4 9		
Balance being profit ...	42 17 6		
	£59 2 3		£59 2 8

Half the barley, all the carrots and mangolds are being consumed by twelve pigs, and will therefore bring more profit than the market value charged in the balance-sheet. The pigs will turn the barley straw into valuable manure for next year.

It seems to me most unfortunate that the large land-owners of the country, and especially the Public Land-owners, such as the Ecclesiastical Commissioners, the Bursars of Colleges, the Trustees of Guy's Hospital Estate, and the Controllers of Crown Lands, are so slow to move in adapting at least a portion of their estates for small holding purposes. There are tens of thousands of acres in the Eastern Counties most suitable for small

culture, and I am confident that with effective management they might be divided up into a much larger number of holdings with increased rentals. Indeed, much of the land I refer to could be let at 25 per cent. increased rental, and this would well cover any expenditure that might be incurred in the provision of small holders' cottages and buildings. I am glad to say that at last the Crown authorities have been aroused to a sense of their duty in this matter. During the last few weeks 900 acres of land, for which the authorities had failed to find a tenant in one holding, is being offered to a small holdings association for them to put a considerable number of tenants upon it. I am convinced that much more might be done by voluntary methods to re-people the rural districts, and, whilst I should welcome a drastic change in our present law, I am hopeful that the public attention that is given to this matter will arouse sufficient interest to bring about both by public and private enterprise the desired result.

R. WINFREY

REVIEWS

Principles of Economics. By EDWIN R. A. SELIGMAN, LL.D.
(London : Longmans, Green and Co., 1905. Crown 8vo.
xlvii., 613.)

THIS book belongs to a series called the "American Citizen Series," and on the title-page is said to have been written "with special reference to American conditions." We have no doubt that it will find as ready and appreciative a welcome in England as in the United States, and we are equally certain that economic teachers and students will consult its pages with advantage hardly less unqualified than that derived from its perusal by those plain "citizens" for whom, we understand, it was primarily intended. It is true that the facts adduced and the figures supplied at different stages of the exposition, illustrating the reasonings, or confirming the conclusions, of the author, may correctly be described as referring primarily to "American conditions"; and it is also true that both in the general plan of arrangement and in the particular details of its execution Professor Seligman, in our opinion, has been singularly happy in securing a rare combination of novelty with exactitude, and of fulness with compression, which is calculated to attract hesitating unprofessional laymen. For they may easily recoil abashed, or disgusted, from those more technical and refined developments of formal argument which have latterly engaged some of the ablest and most ingenious minds that have turned their attention to economic thinking, especially perhaps among Professor Seligman's own countrymen. Yet he himself has shown, not for the first time in this book, that he has mastered completely those subtle refinements which mark the minutest shades of meaning in the varying expositions given by different writers of treatises on economic theory; and his full and accurate knowledge of such writing, both old and new, embraces the entire literature of the whole

economic world. It would, indeed, be difficult, if it were not impossible, to find any other single economist more thoroughly equipped for the task which he has undertaken and achieved in this new volume. That is the business of expressing accurately but authoritatively in short lucid sentences the most approved conclusions of the latest speculation. And he has combined with such a plain, decisive summary of theory as we consider adequate for his particular purpose an appropriate surrounding of historical fact which is in harmony with another marked tendency of modern economic study. English teachers will, accordingly, be very grateful to their esteemed American colleague for giving them this fresh, attractive manual, which they can place with safety in the hands of a beginner, confident that he will thereby be prompted to further study of a subject which he must feel is intimately concerned with concrete actuality; and they will be indebted no less deeply for the clear strong light thrown incidentally on obscured corners and tangled bypaths of theoretical reasoning. We regard the whole book as the most important and compact of aids to the diffusion of a lively and instructed interest in Economics which has yet enriched the scientific literature of the Anglo-Saxon peoples.

A characteristic commencement is supplied in the welcome "suggestions for students and general references"; but these are not the only indications of Professor Seligman's bibliographical capacity. For to each successive chapter brief notes are prefixed, stating the relevant sections of the works of various authors dealing with the subjects handled in the chapters. The genuine catholicity of Professor Seligman's interest in economic writing is attested by the range covered by these notes and by the earlier "general references." Not merely are treatises, whether in English or in foreign languages, enumerated, but periodicals, dictionaries, and encyclopædias are laid similarly under contribution, and the attention of the student is directed also to governmental and to semi-official publications. Nor is our author content with bare suggestions; he adds a discriminating commentary. In fact, if any complaint could justifiably be aimed against an erudition the vast extent of which may excite astonished reverence, it would, we fancy, be directed at the authoritative air with which praise or blame has been bestowed. It is, however, with similarly emphatic positiveness that Professor Seligman in the main body of his text accepts or dismisses rival theories advanced by succeeding or contemporary exponents of economic principles. Yet in most instances it would be diffi-

cult to quarrel seriously with the justice of the special judgment given, and, if a confident opinion were successfully impeached in any case, it would not be because the author was accused with reason of ignorance of the opposing arguments, or convicted of a hasty superficial acquisition of a semblance of real knowledge. This bibliographical material will certainly prove a very useful portion of this economic treatise; and the fortunate possessor of one of the largest of existing libraries was not likely to neglect that particular section of his work. The various maps and diagrams dispersed throughout the book seem to have been prepared with no less care, and to be no less apposite.

It is, however, in the main body of the volume that the novel treatment of the subject is most apparent. In Part III. what is generally known as economic theory is presented and discussed under familiar suitable divisions. These are: (a) the general principles of value; (b) value and production; (c) value and distribution; and (d) value and exchange. Throughout this discussion Professor Seligman leads the student with a firm hand along the beaten high-ways trodden by expositors before himself, but his strong guidance may prevent unwary stumbling into concealed morasses, or careless straying into tangled mazes, from which safe escape is difficult. It is needless to illustrate the fact, which will be obvious to all acquainted with the last debates upon vexed problems, that Professor Seligman knows, and is able to appraise, the most recent promising solutions which have been put forward. With his selection of the particular key which will unlock the riddle it would be unlikely that every critic would agree in every instance. He accepts without reserve the view that under normal conditions profits would disappear; but a full acquiescence in this conception would seem to hinge upon the use of a special definition of the term, which may, or may not, accord with its employment in ordinary parlance. Rent, according to his view, is a permanent, while profits are a transitory, surplus; and he employs the former term in the wide sense favoured by some recent writers as the "product of," or the "income from, the single use, or succession of limited uses, of a thing." "Rental value" is accordingly to be contrasted with "capital value." This extension of the term may, however, seem not merely to reach the point where the wider looser limits of vulgar speech would supersede the artificially restricting boundaries of older and more technical phraseology, but even to pass beyond the accepted usage of common talk, at any rate in our own country.

On the other hand, Professor Seligman is in accord with Continental practice, and with the later tendencies of English thought, in avoiding a distinct treatment of the theory of international value, and, as we should expect from so informed an American, he shows in his discussion of Protection that he is no narrow "Free Trader" of the unyielding type which latterly on this side of the Atlantic has proclaimed itself "convinced" before it has heard the opposing arguments. And in some important matters of pure theory Professor Seligman, by his brief and definite mode of statement, seems to have finally elucidated darkened problems which may have appeared to many to be insoluble enigmas. His clear distinction between the forces acting at the margin, and the forces which may fix the altering position of the margin, is, we think, convincing; and, if the idea itself is not original, its enunciation in this book reaches a degree of certainty and clearness which was not attained before. When once it is grasped—and Professor Seligman's authoritative guidance tends to confirm the wavering and to assist the struggling—the difficulties of the question whether rent does or does not enter into the cost of production disappear, and the apparent contradictions raised in connection with the value of commodities conforming to a law of increasing returns cease to be formidable. The difference between a "statical" and a "dynamical" view furnishes the particular key which will unlock this door.

Nor is this the only instance of the help afforded by Professor Seligman's firm exposition of economic theory. From time to time in every scientific study occasion must arise for abandoning obsolete machinery which once served a useful purpose, but has been superseded, and become an incumbrance rather than an aid. He would be a bold critic who would contradict the statement that such a period had recently arrived in some spheres of Economics. But it nevertheless requires a higher degree of courage to be the first to venture on the unamiable or hazardous enterprise of thrusting aside such impediments; and Professor Seligman deserves our grateful thanks for the resolute good sense he has brought to bear upon this task. His statements may perhaps in some respects seem unduly brief on some occasions; and even he has not entirely succeeded in making easily intelligible those mathematical technicalities which surround the central fastness of the modern theory of value. But as a general rule there is little real difficulty in following the details of his discussion; and his final dismissal of ambiguous or futile

explanations will, we suspect, prove welcome to the layman who likes short answers to terse questions.

It would, however, be a mistake to think that Professor Seligman has sacrificed the legitimate claims of scientific exactitude or comprehensiveness to the demands of clear summary exposition. But he has certainly found room thereby for a fuller and more detailed description of the environment of concrete life in which the abstractions of our speculative theory must work. Even in his account of what is generally understood as theory, but is called appropriately by him the "structure and process of economic life," he inserts two significant chapters dealing with "transportation" and "insurance." The former of these topics is more familiar to students in a country, like the United States, where Chairs of Railway Economics are found in many Universities, than it has yet become on this side of the Atlantic; but the inclusion of the topic of insurance in a systematic treatise on the principles of Economics is a greater novelty, and certainly evinces an appropriate regard for the actualities of business life. This regard is, however, even more convincingly displayed by the circumstance that the formal discussion of the "structure and process of economic life" is preceded by a Part II., occupying some hundred and forty pages, in which the "elements of economic life" are first investigated. The "foundations," the "development," and the "conditions" of that life are successively examined in this part. Such an inquiry furnishes a fitting opportunity for introducing certain topics, such as the laws of population, which are found elsewhere in ordinary treatises on principles; and under the "conditions" of economic life we find that private property, competition, and freedom are in turn considered. But it also serves to emphasise the great importance of those historical inquiries which have lately met with an increased attention in economic study, and it prepares the student for the wholesome true persuasion that his theoretical investigations should not lose sight of the environment of fact in which actual men pass their business life. It is certainly a novel feature in a manual of economic principles that the exposition of theory should not commence until a third part of the whole book has been occupied with such preliminary discussion, and we believe that this will meet with appreciative approval from the bulk of Professor Seligman's readers, and may rightly be treated as a welcome sign of the times in which we live.

Part I. deals with "Fundamental Concepts" and "Economic Law and Method" under the general heading of an Introduction,

and Part IV. with "Government and Business," and "Poverty and Progress," under the general heading of a Conclusion. We notice, however, that in accordance with precedents set by other recent compilers of formal text-books Professor Seligman does not include any systematic treatment of taxation. His allusions to it are incidental, and his discussion is very short. It is true that the large place taken by taxation in the exposition of economic principles has been due to an ancient historical connection, which may be considered accidental, and has not been justified by its resemblance to the other theoretical topics handled in such treatises, and Professor Seligman touches upon its theoretical bearings. It is also true that Professor Seligman himself has written to such purpose on this special subject that he would necessarily be quoting largely from his own authoritative writings, had he introduced its adequate discussion here. But we none the less regret the omission, and the character of his treatment throughout the present book is so concrete and actual that the gap is more noticeable than it would have seemed in the less satisfactory and less comprehensive text-books which have been published previously, written on the ordinary and time-honoured lines. We hope that in a second edition the author will repair this deficiency.

L. L. PRICE

Industrial Efficiency: A Comparative Study of Industrial Life in England, Germany, and America. By ARTHUR SHADWELL, M.A., M.D. In two volumes. 8vo. Vol. I., pp. xiii., 346; Vol. II., pp. x., 488. (London: Longmans, Green and Co., 1906.)

THESE noteworthy volumes demand, and will repay, the attention of all professed economic students. They will also, we feel confident, attract, and they will abundantly reward, the perusal from cover to cover by the ordinary English citizen concerned for the future welfare of his country. The author has, as we consider, been singularly successful in meeting the differing requirements of both these classes. He has produced a continuous narrative so conveniently arranged and so full of matter that a casual consultation of a chapter or a page selected here or there can hardly fail to disclose some suggestive comparison or some pregnant hint which will compel attention and induce further study, while a complete consecutive acquaintance from beginning to conclusion will, we are sure, preserve, without suspicion of weariness, the alert

intelligent interest of the reader and will produce the cumulative effect upon his mind of a great and valuable addition to his stores of compact, detailed knowledge of the pertinent circumstances which concern the relative industrial condition of the three competing countries here investigated. Dr. Shadwell is evidently an acute and candid observer of no ordinary quality. He is not content with the brief superficial examination of a few obvious outstanding characteristics. He will not acquiesce contentedly in common accepted views; and he often finds sufficient reasons for rejecting altogether or for modifying largely prevalent beliefs, founded on hasty, unconfirmed impressions or partisan piecemeal reports. As a consequence of the industrious discrimination with which he conducts his careful and informed inquiries, he contrives to shed a vivid, fresh, distinct illumination upon many matters which previously were darkened or confused; while he has also brought a needed element of the novel and attractive to what may have been accurately known before to some privileged observers, but, by injudicious or clumsy handling, had seemed obvious, and dull to the more general public. He never bores his readers; he seldom fails to add materially to their instruction. He possesses in full measure the supreme gift of readable, terse, and lucid exposition; and yet throughout his book he is manifestly anxious to reach and state the full literal truth without exaggeration or suppression.

He has accordingly made an opportune contribution of the highest value to the elucidation of the very important subjects which he discusses; and he has also ensured, so far as lies within his power, the attentive, interested hearing of a much wider circle than that supplied by the limited ranks of students of economics alone. And yet neither in the combined penetration and comprehensiveness of his investigations, nor in the minuteness and exactitude of his conclusions, does he fall below the exalted standard which the self-respecting conscientious student will demand. In these essential qualifications for successful scientific work he ranks high in our opinion, and contrasts favourably with some recent comparative studies of somewhat similar scope which have been more ambitious and less profound. It may be noted that, with the exception of some brief suggestive observations in the concluding chapter, he generally avoids, of deliberate purpose, the discussion of the fiscal question; but we think that the eager student of that vexed problem might obtain from hints and *aperçus* in these volumes more valuable and definite material for arriving at a wise decision than he could, with far less satis-

faction and at far more trouble to himself, gain even by assiduous study from the authoritative "fiscal blue-books" which have proceeded from official sources.

Dr. Shadwell makes indeed copious and effective use of the massed information contained in governmental publications or supplied in authorised statistics. But he is also fully and constantly alive to the serious deficiencies of the material of this kind which is in many cases alone available. And he supplements or qualifies broad, general conclusions established by such means by the closer, more particular impressions derived from personal observation. Those impressions win our confidence, because we feel that he is no hasty, biassed observer, blinded by obstinate prepossession or led astray by impetuous impulse. He brings an open mind to the phenomena he is studying, and he is a keen, scrupulous observer. His first volume consists, indeed, in the main of graphic sketches, drawn from life, of various centres specially representative of the industrial conditions of England, Germany, and the United States. Dr. Shadwell contrives to bring these different places in succession vividly before the observation of his readers, because, having visited them himself, he is able to relieve the facts or figures which he quotes by apt, personal reminiscence of some noteworthy incident or some distinguishing characteristic. The enthusiastic excitement of the male spectators in the football field, and the eager interest of the female purchasers in the Saturday market, at Bolton, in Lancashire, the marvellous and effective hanging-railway which runs above the convenient but ill-treated river at Elberfeld and Barmen in Germany, the unparalleled griminess of Pittsburg, in the United States, are skilfully introduced and duly emphasised; for Dr. Shadwell possesses in rich abundance the rare gift of vivid, accurate portrayal. These interesting, descriptive pictures thus furnished in the first volume, together with some suggestive and appropriate general observations on the respective national qualities of Englishmen, Germans, and Americans, offered in the opening chapter of the book, appropriately prepare the reader for the mass of important detail respecting separate subjects supplied in the succeeding part of the inquiry.

The general observations on national qualities are often new and original, and always apt and suggestive; and, even when they reproduce familiar commentary, they appear to put old dicta into a fresh mould, which makes them yield striking results. English suspiciousness is fittingly contrasted with American frankness, while American hurry is compared with German

thoroughness. Dr. Shadwell emphasises duly the slovenliness which he considers characteristic of the methods of Americans, and his observation that their reputed quickness is mental, and not physical, and that they are stimulated to invent machines by the wish to save themselves trouble, is suggestive and not undeserved. It sheds a new but necessary light upon the question of industrial efficiency ; and generally, both in the detailed discussions of the earlier chapters of the second volume and in the general conclusions of the final section, Dr. Shadwell is, it is clear, inclined to modify estimates widely received of the formidable character of American competition. So far as national temperament and capacity are concerned, he seems more disposed to exalt Germans and abase Americans. Other writers have been hitherto more prone to adopt the opposite position, but, like those writers, he admits that in natural resources, as distinguished from racial qualities, Germany is poor, and the United States command amazing possibilities. The actual achievement of the Germans is, indeed, on this account the more remarkable. The English stand, in his belief, about half-way between their two competitors, and, in spite of the candour with which he indicates shortcomings in our methods or our habits, Dr. Shadwell is more inclined to optimistic than to pessimistic views. He considers that, if we "wake up," or, perhaps, it should more accurately be said, continue and accelerate that process of "waking up" which has begun already, our innate capacities are fully equal to the strenuous task of retaining a great position in the industrial struggle which we have now to face.

In his second volume Dr. Shadwell examines in successive chapters the topics of Factory Laws and Conditions, Hours of Labour and Rates of Wages, Workmen's Compensation and Insurance, Benevolent Institutions, Housing, Cost of Living and Physical Conditions, Social Conditions, Trade Unions and Industrial Disputes, Pauperism and Thrift, Elementary and Technical Education, and he ends his inquiry in a final chapter with some general conclusions, which are judicial in tone and discriminating in effect, and are not wholly discouraging to Englishmen. The interest of these different chapters is enhanced by the previous descriptions, based on personal observation, of the centres of industrial life, which were given in the first volume. But throughout this subsequent discussion Dr. Shadwell secures and maintains our attention by the skill and persuasiveness with which he brings forward and establishes his

points, by the lucidity and appropriateness of the arrangement of his particular material, and by the attractive and refreshing novelty and vigour of his general treatment. He is continually correcting prevalent misunderstandings. The technical education, for instance, in this country, provided for the ordinary workmen, and largely used by him, is superior to that in Germany, where it is the foremen and the managers who in fact derive the real benefit from the facilities supplied. In America, by contrast, technical education is at present unevenly distributed and chaotic, although, as in Germany, it is furnished from above and not below. His open-mindedness, again, is evident throughout the investigation, but conspicuous illustrations may be found in this second volume in the discriminating commentary offered on the excessive preoccupation of all classes in England with games and amusements, and in the judicial tone characterising his admission of the great improvement wrought in the relations between our masters and our men by organisation on both sides. Like other observers, he notes that the United States are as yet far behind in this important matter, and probably have troublous times ahead. His continuous anxiety to reach and state the truth and to present nothing more or less than the bare, uncoloured facts may be seen in the candour with which he states the difficulties of reaching any satisfactory general average on such questions as the hours of labour worked, or the amounts of wages paid, or the cost of living in different countries. He is similarly punctilious in distinguishing the results of his own personal impressions from other sources of appropriate knowledge, and he is duly careful to point out the damaging, if not destructive, criticism to which some official figures, largely quoted and lightly used, are open.

The inherent failings and the serious obstacles which he remorselessly discovers and exposes do not prevent him from attaining valuable conclusions, although the chief merit of his work consists in its wealth of pertinent and opportune suggestion. The German Government's fixed resolve to do all that it can to assist actively the growth of industry is, he urges, shown by their combination of as stringent a factory legislation as our own with a possibility, hardly recognised by our inspectors or countenanced by our laws, of a more elastic adaptation to the special temporary requirements of particular circumstance. The American habit, again, of "scrapping" old machinery is not, he maintains, so universal as has been thought or represented in this country; nor is it suited for indiscriminate praise or

imitation. The system of State insurance in Germany, once more, is a factor of immense importance in any judgment formed of comparative industrial conditions; but, on the other hand, the benevolent institutions, provided more frequently in that country by paternal employers for their workmen, belong rather to an older state of relations than to the actual present. Labour now demands justice, and not favours, and such institutions no longer provide an acceptable or complete solution of the labour question. The housing problem, lastly, which is a real evil in Germany, although there, as in other countries, like our own, it is more formidable in the capital and in trading centres, in the purely industrial districts of England has greatly diminished, and the "house-famine," as it may justly be described, in Germany is due to the rapid urbanisation of the people which has accompanied the swift industrial development from 1870 onwards.

Such are some of the many apt remarks advanced by Dr. Shadwell in the course of his inquiry, and they are a sample of others, equally suggestive, which will easily be discovered in abundance by attentive readers. If a sentence of criticism may be added on his admirable work, it would be directed mainly against two inclinations apparent in the author. We are not sure that his animadversions on the shortcomings of our nation in industrial matters put forward in his closing chapter, in spite of the robust hopes of rapid improvement by which they are immediately succeeded, may not be couched in more emphatic language than would be entirely borne out by the more favourable commentary of earlier chapters; and we also feel some doubt whether Dr. Shadwell is not too evidently anxious to discover and expose the failings of the Americans. He seems here almost to have a *parti pris*. Perhaps we hear a little too much also of cargoes of material thrown overboard to lighten his richly laden vessel, and of chapters written and rewritten and ultimately set aside. Perhaps, too, it may be added that no opportunity is missed of showing that a popular impression is faulty or erroneous. But, after all, these are trifling blemishes, if blemishes they be; and they do not detract materially from the high quality of the book. Dr. Shadwell has fully earned the right to speak with authoritative decision on a subject to which he has brought such unwearying pains and such conspicuous ability. He has both enlightened and renovated the entire discussion.

A History of Accounting and Accountants. Edited and partly written by RICHARD BROWN, Chartered Accountant. (Edinburgh: T. C. and E. C. Jack. Pp. 459. 1905.)

FIFTY years ago Royal Charters were granted incorporating the Societies of Accountants in Edinburgh and in Glasgow, and the present work has been written by the Secretary of the Edinburgh Society, Mr. Richard Brown, assisted amongst others by Mr. Alexander Sloan, of Glasgow, in order to commemorate this Jubilee. The Scottish Accountants have long led the way in organising and developing their profession, and it is fitting that they should now record its origin and growth.

The earlier portion of this work, though erudite and elaborate and full of valuable detail, is not of special interest to economists. It includes chapters by Dr. John S. Mackay upon Numeration, by Mr. Edward Boyd upon Ancient Systems of Accounting and Auditing, and by Mr. J. R. Fogo upon the Genesis and Development of Bookkeeping.

The cramping and retarding influence of Government interference in commercial matters is disclosed in several places. Scottish accountants and lawyers employ a form of account known as "Charge and Discharge," but scarcely known elsewhere. Its survival is apparently due to the Court in Edinburgh insisting upon its use, in spite of its complicated and cumbersome structure. This form is traceable in the earliest Scottish National Accounts extant (1473), a curious example of which is given in facsimile, a medley of Latin and Scots with, of course, all the figures in Latin numerals. It is amusing to note that the worthy merchants of Glasgow two hundred years later ordered this form to be discarded for "ye regular way of debit and credit." Their example has not yet been followed by the Court in Edinburgh. Thus slowly do we move.

A more important instance of the retardation of development due to State interference in commerce may be deduced from the references which are made to the stringent laws of Spain and France intended to prevent fraud in accounts. At an early date the methods of keeping accounts were prescribed by Statute, and the consequent necessity of conforming to such laws stifled initiative and prevented improvements. For this reason Spain, even when the most important country in Europe, lagged far behind in matters of bookkeeping. France also is still behind. Indeed, with the exception of the commercial centres of the North of

Italy, old methods seem to prevail all over the Continent—largely the result of legislative enactments.

For the same reason, within Great Britain itself the profession attained a position of importance in Scotland much earlier than in England. In England questions of accounting which in Scotland would have been remitted to professional accountants were dealt with by officials of the Court; even yet many estates in bankruptcy are not entrusted to private practitioners. The Scottish system fostered the growth of a body of men relying on their merits for success—the English system maintained a number of Court officials. This may explain why the English accountants did not get their Royal Charter till more than a quarter of a century later than the Scotsmen.

Perhaps the most interesting chapters in the book are those contributed by Mr. Joseph Patrick upon the Development of the Profession, and by the Editor upon its prospects. Although, perhaps, not quite within the scope of the work, one could wish that more space had been devoted to indicating the lines of future development.

British accountants must see to it that they be not outstripped by their brethren of the United States. Twenty years ago very few professional auditors and accountants were known there—now, with rapidly growing numbers and with the advantage of a “clean slate” and no vested interests, they have succeeded in obtaining a law providing for a certificate of qualification to practise, and penalising the fraudulent use of the initials “C.P.A.” (Certified Public Accountant). This title will in time acquire the standing of a university degree (analogous to a medical degree), for the examinations in most states are conducted under the auspices of the university. This title or degree does not involve membership in any society, while the British method of requiring membership in an institute or society resembles the practice of the old guilds. The latter, with its greater elasticity and benefits of association, and the stress laid upon practical training of apprentices, may surely reach a still higher level by closer association with the universities. The School of Commerce Accounts and Finance recently founded at the request of the accountants of New York in connection with the University there marks a great advance, and suggests the expediency of closer association between similar associations here, such as the London Chartered Accountants and the London School of Economics and Political Science. The New York School has power to confer degrees, but to this the same objections may be

stated as to the degrees in commerce now offered by the Faculties of Commerce of Birmingham and Manchester Universities. A university cannot give commercial education, but it can give a liberal education to commercial men and to the future accountants. What is wanted is closer relationship between the universities and the profession of accountant.

About twelve years ago a small though important step in this direction was taken by the Scottish Chartered Accountants when they included the subject of economics in the course of study for their membership, with its title of "C.A." Most strangely, their example has not yet been followed by any other association of accountants (unless we reckon a requirement to study economics laid down at Milan in 1744!). This omission should be repaired without further loss of time. It is increasingly important that the young accountant should have an acquaintance with at least the rudiments of political economy, not only to sharpen his wits and widen his horizon, but because his master's office is in many cases a "laboratory" for study of economic problems; there he can bring his theories to practical test in handling the difficulties of a variety of subjects, not merely Money, Exchange and Credit, but all the Factors of Production, Organisation of Industry, Trusts, Combinations, Trade Arbitrations, Co-operation, etc. It is part of his daily work to "conduct back" the value of a product to its sources in the elements of cost. Economists may lose something if they do not follow the accountants' treatment of such subjects as Costs, Depreciation, Establishment Charges, etc., On the other hand, the accountant, standing midway between the economists and the merchants or manufacturers, has almost unique and certainly fascinating opportunities of seeing at first hand the evolution of many of the problems of modern economics, and reconciling its theories with business facts.

JOHN MANN, JR.

City Development. A Study of Parks, Gardens, and Culture-Institutes. A Report to the Carnegie Dunfermline Trust. By PATRICK GEDDES. With plans, perspective, and 136 illustrations. (Edinburgh: Geddes and Co., Outlook Tower, Edinburgh. 4to. Pp. 232.)

THIS rather sumptuous volume contains the response made by Professor Geddes to the invitation given to him to advise as to the best use to which the Dunfermline trustees appointed by Mr. Carnegie could put the annual income of £25,000 which he provided. Especially was Professor Geddes asked to report as to

the laying-out of the Park given by Mr. Carnegie to his native town, and as to "the building in or around the Park needed or desirable for carrying on the work of the Trust." But the author has done far more than this, and the conditions of the gift go far towards explaining why. Not only was it the wish of the munificent donor that the trustees should do nothing that would relieve the town of the ordinary burdens of municipal enterprise and responsibility, but they were to be "pioneers." They were to try and provide "not what other cities have," but "the something beyond" this which Dunfermline, in common with other places, lacked. Probably it was Mr. Carnegie's own hope, as of Professor Geddes himself, that a great trust so utilised would do more than benefit a single town. As Mr. J. H. Whitehouse, sometime Secretary of the Carnegie Trust, and author of an interesting and suggestive volume on "Problems of a Scottish Provincial Town," has written: the Trust, "if its terms be adhered to strictly, will gradually set a higher standard for all civic authorities." With such hopes and aims in view and with Professor Geddes in enthusiastic pursuit thereof, it is easy to see how a report to an administrative body of trustees might become a study of the whole problem of City Development, and the author feel, as Professor Geddes has written of himself, that he was really dealing with a task "comprehensive beyond precedent." This task has been enthusiastically approached, and something more than a sociological monograph of great interest and value has resulted. Imagination, enthusiasm, and the spirit of a great hopefulness are no less characteristic of these pages than is the attempt to make history, science, and philosophy subserve the great end in view of bettering and beautifying the everyday life of everyday people living under modern urban conditions.

The volume deals only incidentally with industrial development. Industry and industrial relationships are recognised as the pivots upon which everything must turn, but no analysis or description of these is attempted. The concurrent social life is the real subject-matter of the volume.

The fundamental idea of the book is perhaps found in the anticipation of an order of things in which, alike in theory and in practice, "mere intersocial and individual war" is to be replaced by "a more complete, a more human view, in which hunger becomes increasingly curbed by love, competition transformed by mutual aid" (p. 76). Evolution, education, and the supreme importance of the family as the unit of social life are

terms and phrases that perhaps give the keys to most that the volume contains. The practical steps advocated are legion—physical, structural, hygienic, recreative, and educational. A hundred schemes are unfolded, and occasionally the suspicion is aroused that the author fails to give due weight to the human factor in social reform, and to hope too much from the provision of parks and gardens of many kinds; of institutes and labour museums; of schools and libraries and drawing-rooms; of halls for music and great galleries. But the suspicion is unjust. The reader is brought back repeatedly to the personal unit and to the home, and one of the striking features of this volume is the recognition not less of the necessity of a sense of beauty, of historic appreciation, of "culture," and of industrial peace, than of performing aright the humbler domestic duties. The advantage of time-saving domestic appliances, the need of ventilation in the home, and the uses of the broom and the scrubbing-brush are not less recognised than is the need, for instance, for beautiful landscapes and carefully planned museums.

Very ingenious and wise are the ways in which the author endeavours to turn his proposals into active educational influences. He sees that it is of little use to provide this or that if it be unaccompanied by some form of responsive appreciation, if not even of an active co-operation. The planting of trees, the laying-out of gardens, the purifying of waste places, the provision of beautiful buildings or pleasant rooms, the maintenance of the "craft village," will all, it is felt, miss their mark if they fail to secure "the corresponding education of the community." "To see good work going on, to imitate it, to help in it," is of "the very essence of education."

Moreover, the centre from which response can most fruitfully come is seen to be the home. The "principal starting-point" of every project is found in "the humble everyday home and the home-maker." The improvement of the home and its "culture" is beginning to transcend in importance those "too purely institutional developments of the preceding hundred years" which have been, writes Professor Geddes with perhaps too sweeping a generalisation, "so long favoured by our political and economic schools." With the response from the unit of the home shall come also that from the greater unit of the city—the realisation of which and the possibilities of which are no less vital and significant than are those of the home itself. Thus the "Civic Union" appropriately forms the subject of the concluding chapter of a volume of which Dunfermline is indeed the text, but the

applications of which may be almost anywhere—in the greatest cities hardly less than in small provincial towns. The author knows that he is asking much and hoping much as he unfolds his various proposals, and he appeals frankly to his readers to judge of them, “not simply in his everyday mood, but in his highest moments of hope and resolve.”

The volume is copiously illustrated, and many views are cleverly given, not simply of a building, an urban view, or a landscape as they are to-day, but as they might be if suggested improvements were carried out. Interesting though these illustrations are, they are apt to mislead, inasmuch as they necessarily localise the references of a volume, the real motive of which is perhaps found not so much in Dunfermline itself as in the urgency of more widely-spread problems of city life. Professor Geddes is to be congratulated on the production of a strikingly interesting and stimulating work.

ERNEST AVES

The Bank of England and the State. A Lecture delivered on November 14th, 1905, by Felix Schuster. (Manchester : at the University Press, 1906.)

“An enquiry into the relations subsisting between the State and the Bank of England is a difficult subject for a short address, or even for a short essay.” This is the opening sentence of the lecture which Mr. Felix Schuster read before the University of Manchester on November 14th, 1905. Mr. Schuster has very judiciously not attempted to write the history of the Bank, which, as he says, would really be a history of the nation in its commercial development. He has confined himself in the main to the remarks made by Sir R. Peel when introducing, in 1844, the bill by which the note circulation of the Bank and of the country generally was placed on the footing on which it has continued to the present time, and to illustrations of that policy contained in the report of the House of Commons Committee on the crisis of 1857. The main object of Mr. Schuster’s address was to impress on his hearers the necessity of establishing a stronger reserve of gold to support the general business of the country and the position of the banks themselves. In connection with this Mr. Schuster quoted from remarks made by Lord Goschen in his speech at Leeds after the Baring crisis.

As is well known, the bankers’ reserves to a very large extent consist of their balances kept with the Bank of England. The

collective amount of those balances is now not made generally public, but there is good reason to believe that it frequently exceeds the amount of the reserve of the Bank of England itself. Is there any other bank in the world in a similar position—a bank having its reserve formed, not out of its own resources, but from the resources of other banks placed with it for safe custody? Can any arrangement more singular be imagined or more likely to lead to disaster? Mr. Schuster points out, as has frequently been done in the "Bankers' Magazine," how small is the stock of bullion held in this country compared with that held in other countries whose commercial business is far smaller than our own.

It is to the Bank of England that all the other banks in the country look for assistance in any time of trouble. Mr. Schuster quotes remarks from individual governors of the Bank acknowledging that "it was the duty of the Bank, in return for the special and valuable privileges enjoyed by it, in time of trouble to afford assistance to houses and institutions that might require it, provided that these could prove that they were solvent and had good security to offer." He might also have quoted opinions of individual directors, as of Mr. Thomson Hankey, denying this and maintaining that it was not the duty of the Bank, though ready to bear its full share of a drain on its resources, "to afford general assistance in times of banking or commercial distress." There has thus been a difference of opinion, expressed again quite recently by a Bank director, whether it is the duty of the Bank to sustain the burden of a great crisis in the same way that it has done before, and the question arises whether the task is not one which may be too great even for the Bank of England itself to undertake alone.

Mr. Schuster maintains, and rightly, that the responsibility of maintaining a gold reserve sufficient for the needs of the nation is the duty of the State, a duty acknowledged by Sir Robert Peel when he said "he hoped the House would recollect the embarrassments which had been entailed on this country by the fluctuations of our monetary concerns, and he hoped that they would assist the Government in requiring, in order to support the issues of the Bank, a stock of gold the expense of providing which should fall on the country at large."

Mr. Schuster has done public service by calling attention to the matter. It is much to be desired that the establishment of an adequate reserve may be attained.

The co-operation of the Government with the banks would soon bring the discussion on this subject, which has now been

carried on over an almost interminable series of years, to a satisfactory conclusion.

R. H. INGLIS PALGRAVE

Le Mouvement de Concentration dans les Banques Allemandes.

By EDGARD DEPITRE, Docteur en Droit. (Paris. 1905.)

WHILE amalgamation amongst banks in the United Kingdom has been the chief feature of the progress of the business during the last twenty years, and has been followed by a great addition to the strength of our system, concentration has taken the place of this movement among the banks of Germany. The history of the manner in which this was brought about has been written by Dr. Edgard Depitre, and his book will be of great interest to English readers, to whom the details of these operations will not, in general, be familiar.

The business which banks undertake in Germany does not altogether correspond to banking as understood in the United Kingdom. Dr. Depitre quotes from Schaeffle, who describes the banks of his country as concerns "which will undertake all kinds of business" (*allerlei Entreprisen*), besides those branches with which we are familiar, as the receipt of deposits and occasionally the issue of notes.

The enormous development of Germany in business, industry, and manufacture, and general well-being during the last thirty-five years has favoured the growth of their banking system to an extent which for rapidity of expansion has nothing absolutely corresponding to it in any country of modern times, unless it may be in the United States of America. Several events, among which especially the establishment of the German Empire had a commanding influence, greatly assisted this development. The monetary arrangements in 1871 were in a state of confusion such as might have prevailed two centuries earlier. There were sixty-six different forms of silver and seventeen of gold coins. There was no postal unity—this, indeed, was not completed till 1876. Banking was scarcely important at any of the great capitals. There were many banks at Frankfort and Hamburg, but Berlin was by no means the great monetary power that it is now. Gradually the private banks, in which are included institutions which we should denominate joint-stock banks in England—the name "private" being used to distinguish them from State banks—have learned to look to Berlin as their centre. Most of them have become united under seven

different and powerful groups. Carrying concentration a stage further, the units composing these groups have associated to themselves many old-established banks of considerable standing and wealth, and other industrial institutions. Dr. Depitre describes these seven groups as follows. The amounts of the capitals and reserves are stated after the name of the principal banks which are the leaders of each group :—

	CAPITALS AND RESERVES.
1. Group of the Deutsche Bank	£32,473,397
2. Group of the Disconto-Gesellschaft ...	24,911,634
3. Group of the Dresdner Bank. A. Schaaffhausens'cher Bank-Verein ...	24,493,024
4. Group of the Bank für Handel und In- dustrie (Darmstädter Bank)	11,620,564
5. Group of the Mitteldeutsche Credit Bank at Berlin and Frankfort ...	2,558,500
6. Group of the National Bank für Deutschland (Berlin)	4,485,500
7. Group of the Commerz und Disconto Bank at Berlin, Hamburg, and Kiel	5,142,500
	<hr/> £105,685,119 <hr/>

These last three groups are not so completely organised as the four earlier groups.

These seven groups, among which the Reichsbank with its own resources of more than £12,000,000 is not included, wield a sum, in capital and reserves alone, which reaches the enormous amount of £106,000,000. Dr. Depitre estimates the capitals of those banks which remain independent as being more than £17,500,000. Collectively the resources of these banks, without including deposits at all, amount to more than £123,000,000. The preponderance of the groups is therefore obvious, and their importance may be estimated by comparing their individual resources with those of the banks in the United Kingdom, which, excluding the Bank of England, amount to about £117,800,000. The recent establishment of most of these banks, and their rapid growth of recent years, makes their progress the more remarkable. Each one of these groups has its own special interests. Thus, the Deutsche Bank is particularly attached to the development of electrical industry and Transatlantic commerce. The Disconto-Gesellschaft takes up the business of transport. The Dresdner

Bank connects itself with textile and chemical industries. The Schaaffhausen Bank occupies itself with coal-mines and other mines. The Darmstädter Bank appears to have no special line. The mere enumeration of these groups gives a very imperfect idea of the industrial activity which each one of them represents. Thus the group of the Deutsche Bank contains, including the Deutsche Bank itself, nineteen separate banking institutions, connecting it with such important centres as Hanover, Dresden, Mannheim, Osnabrück, and Elberfeld. The branches of the bank itself include Frankfort, Hamburg, and London. Its original capital was, in March, 1870, £750,000. It has now a capital of £10,000,000, besides a reserve approaching £4,000,000. It possesses twenty-seven offices in Berlin, and ten at Hamburg. It has formed a partnership (Commandite) with banks at Madrid, Vienna, and other places. It assisted in the foundation of the Deutsch-Asiatische Bank, of which the head office is at Shanghai, with branches at Calcutta, in Japan, and in China, the Deutsche-Ueberseeische Bank, of which the head office is in Berlin, with branches in the Argentine Republic, in Bolivia, Chili, Peru, Mexico, and Spain—the Banque d'entreprises électriques—the Banque des Chemins de Fer Orientaux—the Banca Commerciale Italiana, which has twenty-three branches in Italy, and the Deutsche Ostafrikanische Bank. The connection with these institutions has rarely been by way of absolute absorption. The Deutsche Bank has generally proceeded by acquiring a sufficient number of the shares to give it a preponderating influence. It has, however, absorbed several banks, including two which had previously incorporated fourteen separate establishments, one that had taken over six, and others which had done the same with four or five other banks, while it has an interest in ninety-two other banks and in twenty-seven mercantile institutions—"Entreprises de Transport et de Navigation"—twenty-five breweries, fifty-four steel-works and coal-mines, twenty-four textile industries, seventeen chemical works, fourteen electrical works, thirty-two engine works, five manufactories of bricks, forty-five various enterprises such as hotels, distilleries, mills, etc. It is represented on the governing body of twenty-eight of these societies. It has been occupied with the railways of Anatolia and with that of Bagdad, also in the issue of many loans and conversions. Besides these various activities, the last balance-sheet of the Deutsche Bank to hand shows current accounts and deposits to the amount of about £44,700,000. On the opposite side of the account it holds

more than £21,000,000 in bills receivable, among other assets. Thus it appears to fulfil the objects for which it was founded, "l'exploitation des affaires de toutes sortes; Banque proprement dite, opérations financières, crédit, émissions, affaires industrielles et immobilières." This description appears to be repeated in all the statutes of the banks referred to. I have thought it would better assist the reader to form an idea of the development of modern banking in Germany, and to understand the inner working of the great German banks, if I employed the space at my disposal by giving a rough summary of the work of one bank than if I had endeavoured to give a more general sketch of the contents of Dr. Depitre's interesting work, which supplies a very valuable history of the progress of the great banks of Germany. Unlike as their business is in many details to what is usually understood in England under the description of banking, these institutions have had a very large share in the development of Germany at the present time. The Reichsbank does not come under the purview of Dr. Depitre—its operations are those of pure banking, but it also has assisted largely in the successful result.

We must conclude our notice of this very useful book by expressing a hope that it may be translated into English. It would be well if with this work the very valuable volume of Dr. Riesser, *Zur Entwicklungsgeschichte der deutschen Grossbanken mit besonderer Rücksicht auf die Konzentrationsbestrebungen*, may also find a translator and a publisher in England. The position of banking in Germany is but little known to the English reader. Recent German publications show that they understand the course of business operations in England very thoroughly. Reciprocity of information is, in every way, desirable.

R. H. INGLIS PALGRAVE

A History of English Philanthropy. From the Dissolution of the Monasteries to the taking of the First Census. By B. KIRKMAN GRAY. (London: P. S. King and Son. 1905. Pp. xv. 302.)

THERE is no study more full of "human interest" than that of the many forms taken by philanthropy, including as it must both the needs of those who are to benefit and the motives of those who are to give. From this point of view the book before us will well repay the reader by the wealth of curious information it brings together.

But the history of philanthropy does not consist entirely, or indeed mainly, in a record of its curiosities, or even of its changes and developments. It cannot be properly described or understood without some consideration of its effect upon the community within which and upon which it plays; and of this the author shows himself in his Preface to be fully aware. "The one question," he writes, "into which all the others resolve themselves is this:—'What is the meaning and worth of philanthropy?'" He wisely refrains from committing himself to any comprehensive answer as the result of his studies; though it is not difficult to gather that his general impression is adverse, on the ground that charity is never able to overtake the distress with which it endeavours to cope. Strangely enough, the one form of philanthropy which has always proved most futile and mischievous is the one which he singles out for unqualified approval—*i.e.*, the provision of work for the "unemployed" by charitable or municipal funds. The action of the Privy Council *circa* 1630, in making "a strenuous effort to absorb the surplus labour power of the country," is praised as "the sound policy of the State," regardless of the probability that it led directly and inevitably to the Act of Settlements, with all its attendant hardships and mischievous hindrances to the free movement of labour (see Preamble to the Act). We note also in this connection that there is no reference to Defoe's classical pamphlet, "Giving Alms No Charity," with its masterly exposition of the economic folly of endeavouring to cure poverty by the creation of philanthropic industry. A more strange omission, considering the sympathies of the author, is the Bill which was the occasion of the pamphlet, and which was actually passed by the House of Commons in 1704, for "a complete organisation of labour, by establishing great parochial manufactories and raising capital by poor-rates, in order to carry on in each such manufactory a trade in which paupers might be employed as labourers" (Pashly, "Poor Law Pauperism").

The spirit of the book throughout is one of genuine sympathy with the difficulties and distresses of the poor; sympathy with the distresses of the philanthropist appears also, but is naturally less whole-hearted. The school to which the author belongs is evident from his readiness to escape from the search of particular causes of failures by attributing them to "the nature of the social organism," and from his faith in Governments to succeed where voluntary workers fail.

HELEN BOSANQUET

The Iron Trade of Great Britain. By J. STEPHEN JEANS.
(Methuen and Co. Books on Business. Price 2s. 6d. net.
1906. Pp. vi. + 227.)

MR. JEANS, as secretary to the British Iron Trade Association, as formerly secretary to the Iron and Steel Institute, and as managing editor of *The Iron and Coal Trades Review*, has had quite exceptional facilities for obtaining an intimate acquaintance with the iron trade of the United Kingdom. In this little book he does not deal with the technical progress and conditions of the industry except so far as that is incidentally necessary to the description of the different iron-making districts and to the consideration of their competitive efficiency, both with each other and in relation to their chief foreign rivals. His object is rather to deal "with the more strictly commercial aspects of the iron trade situation," and even here he has most closely in view the conditions of international competition. Much of what he has written is of great value, and few points of importance escape at least some discussion, but the general impression given by the book is that it is too loosely compacted. This is partly due, of course, to the very wide field which had to be somehow compressed into a small compass, but the same lack of grip is manifested about many of the details. His discussion of pig-iron costs in Chapter VI. fails to convince because he does not give the years to which his figures relate. On p. 42 he gives the "approximate costs of conveying the material required to make one ton of pig-iron" at Middlesbrough, "some years ago," as 8s. 6d. per ton; on p. 30 he quotes figures from Mr. (now Sir) Hugh Bell, giving the same railway costs, also "some years ago," as 9s. 4½d., while on the same page he states that railway costs had risen 13 per cent. above this rate at a time when general costs had risen. Also on pp. 30 and 31, while discussing the rise since Sir Hugh Bell's calculation, he deals with the increased cost of every item except wages, which constitute over 46 per cent. of the total outlay. Again, he gives a disproportionate amount of space to a pessimistic forecast of the future cost of Cleveland iron by Mr. A. F. Pease, though his views were controverted at the time they were made, and Mr. Jeans admits that the prophecy is opposed to the general view. Again, to state on p. 118 that "the methods whereby iron ore and coal are mined, coke is manufactured, and pig-iron is produced are in all essential details the same as those which prevailed half a century ago," is thoroughly to mislead the

reader, even though the next sentence is a partial contradiction. To say that "on the whole the cost of producing pig-iron has not, in Great Britain at least, greatly altered during the last fifty years," is a statement at first sight so astonishing that it ought to be supported by evidence, for after Mr. Jeans's treatment of recent figures one cannot unreservedly accept his verdict.

Turning to prices, one misses a tabulation of the Cleveland "realised" prices, which, especially in recent years, are much more important than Scotch warrant prices. Those prices which are given should have been carried farther back and a closer comparison instituted between the prices of finished and semi-manufactured products. British associations for the control of prices are dismissed in a perfunctory paragraph, and international associations even more curtly. Similarly, the emergence of large amalgamations and their probable power to control competition deserves more than half a dozen lines.

The chapters dealing specifically with foreign trade are more satisfactory, though on p. 116 that bug-bear of an American deluge of ten million tons of dumped iron—a phenomenon which can only be discussed in mixed metaphor—is brought forward. In Chapter XV. the apparent development of the British export trade from semi-manufactured to finished goods should have been treated; a table of machinery exports is given, but it is not correlated with the other facts, and ships seem to be omitted. Chapter X., on some general conditions affecting the iron industry, is good, but it should be pointed out that in discussing the effect of local rates on trade it is not enough to give totals. The growth of local rates in the different iron districts, considered in relation to services rendered and to the growth of population caused by the development of the industry, would form an interesting subject for investigation.

HENRY W. MACROSTY

Constructive Democracy: the Economics of a Square Deal. By WILLIAM E. SMYTHE. (London: Macmillan Company, 1905. 8vo. Pp. vii., 457. 7s. 6d. net.)

A BELIEVER in the ultimate truth of Socialism, the author of the above work advocates a gigantic system of State regulation and management to vindicate popular liberty against Plutocracy, and to pave the way for Socialism in the future. Co-operation is "the very Ark of the Covenant"; and Monopoly, in its present

form "a real menace to popular liberty," but another name "for industrial consolidation and economic solidarity." The State, therefore, must regulate it, whilst assisting it to perfect itself, and must so provide a "square deal for every man." Under this system Capital would obtain fair and liberal interest, absolutely guaranteed, but would lose all claim to future gains due to the growth of society. The manager will get his salary as now, with the approval not of a few shareholders only but of the labourers and the general public. Out of the future increase the consumer will get lower prices, the labourer increase of wages and undreamed-of chances of betterment.

The resulting increase in efficiency will involve much incidental hardship, for Mr. Smythe holds that all economic progress is at the expense of individuals—"the wounded on the economic battlefield." Part III., which deals with the Surplus Man—the man who through no fault of his own cannot satisfy his reasonable wants according to his standard of living—is the most interesting and the best portion of the work. "The surplus people" and the "unemployed," are not synonymous; the boundary line is not "horizontal" but "perpendicular," running through the whole fabric of society from apex to base. The author has less pity for the men at the bottom, if their standard has been raised, than for those near the very top, whose standard has been lowered. It is "from any attempt to compel a large part of the population to accept a lower standard" that the gravest peril, Revolution, ever will spring. "The surplus man is the sharp edge of the social problem."

The Republic has immense possibilities for development. Again, therefore, the State must step in, mobilise the surplus man, and send him to make these possibilities into realities; and as new towns are built and new territories opened up, room will be found for the surplus man of every trade and profession from the banker downwards. From the "able-bodied man who does not know where his next meal is to come from" an army of peace may be formed, to conquer nature in the home territories, as the army of war conquers men in foreign lands. The book concludes with chapters on "The Future of the Individual" and "Shall Religion have a New Function?"

N. B. DEARLE

Water Transportation: its Economic Importance. By FRANK HAIGH DIXON, Professor of Economics, Dartmouth College, U.S.A.

THIS paper, published in the Proceedings of the St. Louis Railway Club (Vol. x., No. 7) for November, 1905, well deserves the attention of our newly-appointed Royal Commission on Canals and Waterways, for it gives a useful and impartial account of the present position of inland water transport in the United States. And in the United States, unlike the countries of the Continent of Europe, free competition exists between water and land carriage. Not but that, even in America, the Governments, both Federal and State, have to some extent taken the side of the waterway. For, on the improvement of the great rivers, the Mississippi, the Ohio, and the Hudson, and on the construction and maintenance of canals—the Erie more especially—they have spent amounts far more than equivalent to the subsidies and land grants they have given to railroads. But at least the Governments of America have not, like those of France and Germany, refused to allow their railways to reduce their rates at competitive points. What, then, has been the result of the competition? Professor Dixon shall tell the story in his own words :—

“ Our river highways are almost absolutely unused, at the present time, for the carriage of passengers and freight. But few rivers have traffic enough to warrant their inclusion in the statistical tables. The mighty Hudson does not appear in the list. . . . The rivers which extend inland in so many of the Southern States are of practically no effect in competition with the railroads. . . . The steamers are inadequate for the handling of the traffic, and even if they could handle it, the railroads could offer rates so low as to drive them out of business. . . . It is evident that the Lower Mississippi can no longer be regarded as a serious factor in the transportation problem of the cities along its banks. . . . The traffic of the Missouri, never large, has been practically wiped out by railroad competition. . . . Undoubtedly the recent sharp decline of traffic on the Mississippi has been due to the perfection of railroad systems which parallel it, and which are enabled, as the result of easy grades, to haul enormous trainloads at very low cost.”

Such is the position on the great rivers. And naturally, if the rivers cannot hold their own with the railroads, the mere barge canals are in still worse case. Professor Dixon tells of

two canals in Ohio, of the canals in Pennsylvania, and of the Morris Canal in New Jersey, all threatened with abandonment; of the Illinois and Michigan Canal, "of small and stationary traffic"; of the Dismal Swamp Canal, "a dismal failure"; and finally, and at some length, of the famous Erie Canal. "The Erie Canal has not kept pace with the demands of modern business. . . . The railroads . . . have left the canal far in the rear. . . . Its total tonnage has been gradually declining for many years. . . . Of the total tonnage of freight carried by railroads and canals in New York [State] the canal tonnage has fallen with almost unwavering regularity from 68.9 per cent. in 1859 to 5 per cent. in 1903. . . . [Railway] competition has entirely outdistanced any possible scale of charges upon such canals as exist at the present time. . . . Mr. Carnegie, once an advocate of the proposed Pittsburg-Lake Erie Canal, made the following statement before the Pittsburg Chamber of Commerce in 1898: 'Such has been the progress of railway development that, if we had a canal to-day from Lake Erie through the Ohio Valley to Beaver, free of toll, we could not afford to put boats on it. It is cheaper to-day to transfer the ore to 50-ton cars, and bring it to our works at Pittsburg over our railway, than it would be to bring it by canal.'"

Professor Dixon then proceeds to explain why the oft-repeated tale of the progress of internal navigation in France and Germany has no relevance of application to the United States. But as, for this purpose, he adopts the arguments and in great measure the actual words of a very recent article of mine in the JOURNAL, there is no reason to summarise here this portion of his paper. His conclusion is as follows:—

"My plea would not be for an abandonment of all forms of water transportation, but rather for a thorough and conscientious consideration of all the factors in the case, before an improvement is decided upon. Two considerations should above all others be kept in mind in the determination of the feasibility of any project: first, the very positive limitations to the efficiency of rivers and canals as transportation agencies, because of their lack of flexibility and the natural disabilities under which they suffer; and second, that water transportation is not necessarily cheap simply because the Government constructs and maintains the channel. Such an assertion is true only of ocean transportation, and possibly also of large bodies of water like the Lakes, although this last is doubtful. By all means let us have our waterways developed when such development is economically

justifiable. What is justifiable must be a matter of judgment, and possibly to some extent of experimentation, but the burden of proof rests upon its advocates. Such projects should be carried out by the localities interested, and the burden should be borne by those who derive the benefit. Only in large undertakings of national concern should the general Government be called upon for aid. But I protest most vigorously against the deluge of schemes poured in upon Congress at every session by reckless advocates, who, disregarding altogether the cost of their crazy measures in the increased burden of general taxation, argue for the inherent cheapness of water transportation, and urge the construction at public expense of works whose traffic will never cover the cost of maintenance."

W. M. ACWORTH

L'Imperialisme économique et la grande Industrie anglaise.

Par PAUL GAUNAY. (Paris : Librairie Générale de Droit et de Jurisprudence. Pp. xxi., 325. 1905.)

THE author is thoroughly well posted with information : the book begins with bibliographies in which we have not detected any noticeable gaps. It is an account of the present fiscal question in the first part and a review of the chief British industries in its second part. The first part contains five chapters : the opening one is a sketch of our commercial policy since the Methuen treaty, and the other three deal respectively with contemporary Imperialism, the proposed Imperial Zollverein, preferential tariffs, and retaliation, from the point of view of the sympathetic expositor rather than of the critic. Our relative economic position has changed, we are told ; to continue producing in the face of foreign competition has become one of our prime needs, and hence the Colonial trade federation will come about ultimately without any doubt. If it does not, Great Britain is doomed to rank with second-rate Powers, or even to sink to the same level as Spain (in what respects exactly we are not told). It is almost needless to say that in view of the present relative economic positions of the leading countries this forecast is very bold and premature, especially as no close proof is attempted of the way in which the Colonial Zollverein is to avert our impending ruin. Our author admits (p. 106) that preferential treatment of Colonial produce will raise our costs of production and so weaken our competing power in foreign markets, but he seems to find in this fact only a need for reciprocity and retalia-

tion, which are quite rightly represented as dangerous double-edged weapons. There is no necessity to examine further the contents of Part I.: it contains, I think, nothing new, but it is a perfectly fair representation of the main ideas at work: analytically it is not strong, and the writer gives no hint that he is possessed of sufficient scientific equipment to appreciate fully the true inwardness of the Free Trade reply. Part I. concludes: "Reform is not imminent, but it approaches. I should like to believe that it will be liberal. Such is the tradition of England. Such is also her interest."

Part II. is a survey of the position of our leading industries. They are treated under the headings of coal, iron and steel, mechanical engineering, tin-plate and galvanised iron, cotton, wool, linen, silk, and chemicals, and chapters follow upon industrial concentration, railways, and canals. The book concludes with an account of how France—who is not to escape scot-free—would be affected by an alteration of the English commercial system, and with two pages of alarmist summing-up, in which we are warned that we must find a remedy for our threatening decadence rapidly, and apply it energetically. On the whole, there are no serious gaps in the statistical representation of the state of our industries, but it is wildly inaccurate to say that, though a good number of employers in the cotton industry follow Mr. Chamberlain, Mr. Balfour represents better the aspirations of the cotton industry. There is no doubt that the bulk of Lancashire employers are opposed to any departure from our present policy. The great defect in Part II. is the want of a fully reasoned account of how our various industries would be affected by the fiscal changes suggested.

S. J. CHAPMAN

L'Assistance par le Travail, et les jardins ouvriers en France.

Par MARCEL LECOQ. (Paris: Giard et Brière, 1906.)

THE enormous difficulty of dealing with the unemployed problem has been so acutely realised in England during the last few months that the attempts of other countries to grapple with the same difficulties must be of considerable interest to us at the present moment.

In *L'Assistance par le Travail* M. Lecoq deals with some of the methods adopted in France. His book is mainly a historical account of past experiments made by the State, especially those of the critical periods following the revolutions of 1793 and of

1848, when the "right" to work was set forth as an abstract principle. These experiments are interesting in showing the snares and pitfalls that beset the best-intentioned legislator. As little attempt was made then as now to discriminate between the loafer and the genuine unemployed, and inevitable failure was the result.

After the Revolution the National Assembly appointed a Commission to inquire into the question of unemployment, and at no subsequent period, says M. Lecoq, was the subject studied with so much zeal and enthusiasm. As a result, public works (roads, canals, fortifications, etc.) were undertaken, to provide employment. The results were disastrous. A large army of idle men was formed, badly organised, drawing "time" wages on insufficient work. In Paris alone 27,000 men were employed in this way. A lively account is drawn of the condition of things under this system. Any locality in which work was to be undertaken invariably petitioned against the threatened invasion, and begged for reinforcements of troops as protection against the depredations of the workmen. The evils which resulted were greater than those which the system sought to combat. Consequently, the public works were closed, the Government declaring that the result had been to encourage in the worker the dangerous belief that it was the duty of the Government to relieve him of all responsibility and foresight in seeking work.

Napoleon then takes up the problem. He writes in 1807 to the Minister for Home Affairs: "Every beggar must be arrested, not to be put in prison, but in order that he may be taught how to earn his bread." This enlightened view, however, did not lead to much, and subsequently institutions dealing with this class became, in their severity, repressive rather than educational.

The national workshops of 1848 failed as earlier attempts had done. The tailors' and shoe-makers' workshops, where the men were paid on piecework, were more satisfactory. As a whole, however, the system resembled indiscriminate charity rather than an application of the "right" to work, and the nation demanded its cessation.

Modern efforts have sprung more from private initiative, and have been more successful in being of a less sweeping character. The problem has been treated intensively rather than extensively, and the principle recognised that each case must be dealt with according to its own special character. Unemployment cannot be lumped together and dealt with in the mass.

M. Lecoq describes in detail many private and municipal in-

stitutions in Paris and other large towns, but most of these are of a charitable nature, and do not deal with genuine unemployment. One of the most interesting experiments described is the agricultural colony at La Chalmelle, started in 1891, and based on the German labour colonies. Large tracts of swampy and unproductive ground have been reclaimed by men who at some time had worked on the land, but had drifted into the large towns. Several large institutions provide men and women with temporary employment (wood-chopping, sawing, sewing, etc.), and assist them to find permanent employment elsewhere. Home-work is frequently given out by the municipality to women, who make the clothing required for inmates of hospitals and charitable institutions.

The subject of allotment gardens hardly falls within the scope of the book, but their growth in France is briefly sketched, and their further development strongly advocated as being of the greatest physical and moral benefit to the worker.

MARGRIETA BEER

Grundriss der Allgemeinen Volkswirtschaftslehre. Von GUSTAV SCHMOLLER. Zweiter Teil. (Leipzig: Dunker und Humblot.)

IN a former number of this JOURNAL some attempt was made to give an account of the method which has been pursued by Professor Schmoller in economic teaching, and which he adopts in the present work, of which the second and concluding volume is before us. In the first volume, after a discussion of several preliminary matters, including such important points as the general relation of economic to the more general social life, and the bearing of technical progress on production, he sketches the various forms of productive organisation. In other words, he deals with what he terms, by analogy, the anatomy. Thus the family, the town, the state, and the other economic bodies developed for production are sketched, and their conditions and nature analysed. In the present volume the functions of these bodies are the subject of treatment. Thus the reader has placed before him the body in action. Social action is described as it takes place, not in one country but in many, and its growth is traced from early to recent times. As before the growing structure occupied attention, so here the discharge of function is followed as it develops with the growing structure and adapts itself to the more perfect attainment of its purpose. In a sense, this

may be regarded as the most substantial part of the entire work, occupying as it does the third book, which may be described as dealing with normal economic development through its various stages. Nor must the change of structure involved in the growth of function be overlooked. On these points everyone has much to learn from Professor Schmoller's treatment. Remembering the task which the writer has before him in tracing out a gradual evolution in function as well as in form, it is no surprise to find that three subjects occupy the greatest share of his attention. Exchange and distribution necessarily mark the change, and so the development of those subjects which comprise and condition these is dealt with at length. There is the development of locomotion and the organised means of exchange in markets; next we pass to money and credit; while, lastly, the division of labour with its effects on the distribution of wealth is described and analysed. Though it is possible to indicate the main purport of the third book in comparatively bare outline, it must be added that such simplicity of outline does not imply any narrowness of view. The contrary is the case. Each matter is conceived in its widest sense, and treated not only as a separate subject, but in its broad social circumstances and consequences. Again, the growth of these conditions of development is traced in their gradual evolution, not in one country but in many; and followed by an attempt to summarise the whole as presented in the general trend of the developed and developing world. Lastly, the delineation of the subject, thus embodied in fact, is accompanied by an account of the various theories which other thinkers have formulated, and by some analysis of the phenomena included.

With the fourth book the author turns to new considerations. In the two preceding books he has dealt with structure and with normal growth. He has described and examined the organisms of an economic society, and further shown us these in active operation. To pursue his own analogy, the anatomy and physiology of an economic society have formed his task; but now a new aspect reveals itself. As in the human body, so in the social body certain pathological conditions present themselves as thwarting progress and threatening life. In the fourth book, where he turns back as it were to view society in its more comprehensive economic aspect, these receive treatment. Put quite briefly they are, crises, class divisions, and international trade policy. A moment's reflection shows the bearing of these. A growing industrial society encounters difficulties in three ways.

It has difficulties in its own commercial organisation, where depression, alternating with a feverish and often unhealthy activity, is manifest; it is threatened with danger by divisions and strife among those who are comprised in it, who are formed into classes divided in many ways and at times ranged in even hostile relations; while lastly, each economic unit, whether city, state, nation, or empire, has to maintain its position among other similar units, and to secure its trade from attack. These difficulties are described in their historical growth and their nature and meaning analysed, while to some extent a forecast as to their future is furnished.

The fourth book ends with historical theory, and here Professor Schmoller attempts some uniform and causative account of the development which has taken place along the lines which he has already indicated. After a brief but masterly summary of the several theories of other writers, he turns to the conclusions sketched, as he says, some thirty years ago, but strengthened by long years of additional study.

When we turn from what has been mere description of the present work to try some estimate, however inadequate, of its value, two things are necessary. In the first place, it would be out of place to offer any criticism on any particular part of the book. Obviously, there must be much that is controversial in a work of this scope, which deals with historical and economic development on a basis so wide, and which necessarily comprises a multitude of conclusions on separate points or chains of fact. In the second place, certain high qualities evinced throughout must be stated, even though further expression of admiration for a scholar of such high reputation be superfluous. Wide learning, careful criticism, discrimination in judgment, power of generalisation are present in remarkable combination. The weak point lies, as might be expected, on the side of abstract analysis, though even in this respect the writer shows his knowledge of what has been written.

Two matters, however, call for some discussion: the one, the general method; the other, the theory and generalisations with which the work concludes. So far as the first is concerned, it is difficult, perhaps, to say how the work is to be viewed. It is certainly a monument of a scholar's general equipment. Equally certainly it is a work which will be of great interest to both historians and economists by the opportunity it affords for the expression of the author's conclusions on many matters which do not fall within the sphere of his special original work.

Further, it may be said that it contains a mass of knowledge, digested and stated in due relation, and treated on a uniform plan. On the other hand, it is often difficult to justify the intrusion of such long summaries of material for what must be taken as the main aim. The material, so to say, overlies and so obscures and delays the movement of the argument. But this is due to the twofold object in the book, which aims, on the one hand, at generalisation, on the other, at furnishing the reader with a good part of the material on which the generalisation is based. This touches the general question of method very closely. Is it desirable, it may be asked, to adopt in teaching a system which, like this, arranges material according to the particular standpoint from which the teacher sets out and the particular line along which his generalisations proceed? Further than that, many would desire some separation and more systematic analysis. Whatever may be thought of the value of abstract theory in itself, there is much to be said for the view that it is most useless when forming a small part of a treatise such as the present. The student, for instance, loses the advantage which its study gives him in dealing with large masses of facts, because he is not taught to follow it out in a chain of consecutive reasoning.

In attempting some philosophic summary of the development of man and human society as portrayed in history, Professor Schmoller, it is hardly necessary to state, puts aside the crude theories which seek to display progress as determined by some one or more simple external causes. These mechanical theories fail to represent the mysterious and complex nature of society. Even the better of them, which divides history according to the degree attained in the division of labour, is, he contends, essentially one-sided. His own theory, which he puts forward somewhat tentatively, is not much more than a brief indication of the main lines along which social-economic life has advanced. Social progress is the result of many combined and co-ordinated tendencies, working in harmony but yet subject to variation in the proportions in which they are respectively manifested. It passes through a succession of phases in which the total advance is to be observed in a large number of different organisms or communities. Thus it is traced in a long line of development from the tribe to the empire. As the various bodies develop, though certain elements may remain constant, as, for instance, the instincts of mutual life, unity of race, and the like, they change in respect of the conditions in which these forces manifest them-

selves. There is alteration in the average size of the society, the small giving place to the greater, in the mechanism of government and administration, and in the degree of technical economic efficiency which bears along with it many and necessary social alterations of a more general character. The social organisms have to be examined and their growth traced. Thus social progress is achieved partly through gradual development within the group, partly by means of and always amid struggle between the various groups.

Careful observation enables a distinction to be drawn between social history as displayed in Oriental States and that more continuous and permanent growth which has taken place in the European sphere, arising in Greece and Rome, then passing through the mediæval period, and now continued in modern nations. These two lines of development he contrasts, pointing out the essential weakness of the former, where state organisation was from above and where the elements requisite for secure social expansion and advance were wanting. Political weakness and instability bar the way to social and economic progress. From the Oriental despotisms we turn to the movement of history in Europe. Here we find a steady development passing through certain well-defined economic stages. The stages, as described by Professor Schmoller, are four in number. The stage of agrarian society gives place to that in which town-life plays an important part. This again merges into the period of small territorial states, to which succeeds national growth. And now we live in the time of great nations and empires. With each change occurs an alteration in economic organisation. Meantime, amid this onward march of society, and partly as its consequence, the rise and fall of individual races with their special social characteristics call for attention.

The above brief sketch presents in outline the theory of social history which underlies much of Schmoller's teaching, and which he summarises in the chapter concluding the present work. It is furnished here not for the purpose of discussion, but as the easiest means of placing before the reader the main conception which dominates in these volumes, and which determines the method of the teaching they contain. The aim of that teaching is to describe society as a highly organised body in growth and in action. A study of the present work reveals the care with which the task is attempted, and the great learning possessed by the author and used in a masterly fashion. But beyond these qualities in value is the suggestiveness of the treatment, which

goes far to account for the great influence exerted by Schmoller over so many leading economists.

E. C. K. GONNER

Staatliche Theorie des Geldes. By GEORG FREDERICK KNAPP.
(Leipzig, 1905.)

It is most difficult to give a just account and appreciation of this remarkable book. So masterly a piece of reasoning is not often presented to the reader. The style is vigorous. There is none of that parade of learning which is expressed by means of innumerable footnotes. The author begins with the fundamental conceptions of his subject, and is never led astray into irrelevant matter. But the book is not easy to master. A new nomenclature is created. The number of new words coined by the author is so great that more than half of the words or expressions contained in the index of technical terms at the end of the book are entirely unfamiliar. This makes the book difficult at first reading, but the author is certainly well advised to make these coinages. They give precision to his ideas and, in the long run, simplify his reasoning. It will be unfortunate if many of the author's terms do not become a regular part of the language used in books about money.

The author leaves the reader in no doubt as to the way in which he approaches his subject. Money is made by legislative act. It does not necessarily consist of stuff of any particular kind, such as metal, nor of other stuff (*e.g.* paper) representing metal. This is evident enough, but much nonsense is written every day because people cannot or will not distinguish between coin or metal and money. If once this fact is understood, it is evident that from the nature and history of coins we can learn little about the nature of money. All money is a means for the payment of debts. Debts can be discharged without the payment of money, but money is what the law recognises as the only normal means for discharging a debt. The plea to an action of debt in English law was either payment (that is, by money) or accord to satisfaction. The use of the word "accord" shows that it requires an agreement on behalf of the creditor and debtor to discharge the debt in any way except by payment in money. Money being a creation of the State, the money of one State is *primâ facie* not money of another State. This has often caused great confusion, for persons find it difficult to distinguish between the nature, function, and regulation of money for internal pur-

poses—those arrangements and regulations which are made with the special object of causing a steady rate of exchange between the moneys of different States. Much of the prejudice against paper-money or any other form of token money has arisen from the difficulties of the foreign exchanges. Much trouble has arisen from those people who, starting with coins, cannot understand a money which is neither coin nor representative of coin or metal. It is the fact that several important standard works on money do not contain any definition of money. No doubt most people are aware that money is a creation of the legislature; that it has various functions in addition to that of being the medium for discharging debts; that gold is not money; that all coins are not money; that token coin may be money; that inconvertible paper-money is money, if it is legal tender for the discharge of all debts; but it cannot be denied that many of the ordinary text-books do not give the reader clear, fundamental conceptions. The great benefit which this book will confer on all students is that it compels them to clear their ideas. They must think clearly in order to be able to see where and how they differ from the author's conclusions, if they do not wish to accept them. This is perhaps all that can be fairly said in a short notice of this book. It is not possible to describe the author's general method and conclusion without explaining a host of technical terms; it is not fair to criticise minute points without a proper statement of the author's arguments; but a reviewer must express the most earnest hope that *Staatliche Theorie des Geldes* will be translated into English without delay.

C. P. SANGER

Die wirthschaftlichen und politischen Motive für die Abschaffung des britischen Sklavenhandels im Jahre 1806–1807. (Staats und sozialwissenschaftliche Forschungen.) By DR. FRANZ HOCHSTETTER. (Leipzig: Duncker und Humblot, 1905. Pp. x., 120. 8vo. 3 Mark.)

THE abolition of the British slave trade has never, according to this writer, been examined in the dry light of economic reason. The subject has been treated historically, ethically, or generally, but the economic aspect and the economic motives at work have been ignored. It is this aspect exclusively which the writer sets himself to develop, his thesis being that the slave trade was abolished at the precise moment when it was discovered to be unprofitable. A cautious and prudent nation like the British

does not suddenly and for purely philanthropic motives reverse the profitable policy of centuries. Nor would she choose for such disinterested action a moment when she happened to be engaged in a life-and-death struggle with her hereditary foe. The case can almost be proved out of the writings and speeches of the Abolitionists, which teem with references to the "impolicy of the trade."

With this preface the author proceeds to support his opinions by a careful study of historical events. After a short sketch of the origin and development of the trade, he traces in rapid outline the chief events of the Abolitionist movement. The protest against the slave trade is as old as the trade itself. It originated with a few humane men in advance of their age, recruited strength among certain religious sects, more especially among the Quakers, and eventually penetrated into the House of Commons—until agitation finally led to success. The main chapter of the book covers the same ground in point of time, from what the author evidently regards as the inside point of view. He divides it into three successive periods of depression, prosperity, and a worse depression. From 1783 to 1793 the general trade of the British West Indian Islands was suffering very severely from the effects of the loss of the North American Colonies. Hitherto the islands had imported the necessities of existence from the mainland, and devoted their own energies exclusively to the production of sugar, rum, etc., wherein they enjoyed the greatest differential advantage. They were thus enabled triumphantly to undersell the other islands, whose superior fertility was no compensation for the absence of a friendly base. The loss of the North American Colonies changed all this, and produced a crisis from which the West Indian Islands never really recovered. With this decrease in their prosperity coincided the rise and progress of the Abolition Movement in Great Britain. All sorts of glimmerings began to penetrate the British mind. The slave trade was seen to be chiefly advantageous to the foreign islands, which imported the majority of the slaves and pocketed the bulk of the profits. For the British Colonies the importation of fresh slaves was demonstrably superfluous and even dangerous, while the damage done to the British mercantile marine, which lost over 16,000 seamen annually, was seen to be deplorable.

All this was apparently forgotten from 1793 onwards, when the tide of prosperity turned. For a few years Great Britain enjoyed an absolutely unprecedented naval and commercial

supremacy. War, negro risings, and failure of crops in the foreign colonies adjusted the supply of goods to the demand, and the British islands recovered from their depression. The slave trade increased by leaps and bounds. In England during this time the wrongs of the slaves kindled not a spark of interest, and Wilberforce failed to command even the small amount of support necessary for the introduction of a measure into Parliament. The agitation appeared to have died a natural death.

In 1802 the tide turned once more. Napoleon had grasped the fact that the whole West Indian situation revolved round the United States. Accordingly he secured immunity for French trade behind the neutral American flag, and Great Britain found her planters once more on the verge of ruin. They were hopelessly undersold in the world markets by hostile nations who traded peacefully under the American flag, while every port in Europe was blockaded against British ships. The home market was overstocked, the planters were at their lowest ebb, and every fresh importation of slaves aggravated the evil.

After this the end came very rapidly. It had become clear that the slave trade was profitable chiefly to our enemies, while the negroes themselves constituted a real danger to the white population of the islands. There was, moreover, a powerful conflict of interests between the old settlers and those of more recently acquired islands. The former strongly objected to fresh importations for the benefit of their rivals, and the only way out of the difficulty was to abolish the trade altogether.

Thus the writer shows, but oddly enough in separate chapters which he leaves the reader to collate, that the strength of the Abolitionist agitation varied inversely with the prosperity of the West Indian islands, and he deduces therefrom that the motive at work was no other than enlightened self-interest. In a very brief chapter which precedes the exposition of his main thesis he does indeed admit that the great moral upheaval of the eighteenth century, the new-born democratic longing for freedom, equality, and brotherhood, must in the last resort be recognised as the cause of Abolition. All that he claims in his place for his theory is that moral causes *alone*, without the support afforded by favourable material conditions, would not have sufficed to win the day. Nevertheless he is so much carried away by the connection which he has established between our commercial prosperity and our moral apathy, that he hazards the statement:—"Vielleicht niemals hätte Grosbritannien mit der Abolition Ernst gemacht, wenn es ihm gelungen wäre, das

von 1795–1799 vorübergehend zurückgewonnene Kolonialhandelsmonopol dauernd zu behaupten.”¹ This is perhaps the only ill-judged statement in the book, but as a spontaneous and unguarded utterance, it affords a clearer insight into the writer’s convictions than all his pages of reasoned exposition. It cannot be reconciled with his former statements, and we are left to conclude that the somewhat grudging admissions in the chapter on the ethical motive were not genuine expressions of the writer’s opinions so much as concessions to what he regards as the popular, sentimental point of view.

HÉLÈNE REINHERZ

Das Englische Hilfskassenwesen in neuester Zeit. Eine studie über die freiwillige Arbeiterversicherung. Inaugural-Dissertation zur Erlangung der Doctorwürde einer Hohen philosophischen Fakultät der Universität Basel vorgelegt von Oskar Hugo Jenny aus Weuslingen (Basselland). (Bern : Stämpfli & Cie., 1905.)

DR. JENNY treats the expression “English” in the title of his dissertation as including the United Kingdom. He has, with true German industry and minuteness, studied all the voluminous reports issued since 1875 by the Friendly Societies Registry Office, the papers on the subject read before the Royal Statistical Society, the works of independent investigators, such as the Rev. J. Frome Wilkinson, Mr. Neison, Mr. Alfred Watson, Professors Brentano and Hasbach, and the reports of several Royal Commissions. He has threaded his way through the intricacies of the Acts of Parliament and the bewildering variety of classes of societies with great success. To his treatise of sixty-five large quarto pages he appends ten tables compiled from official sources, which must have cost him much labour.

E. W. BRABROOK

La Morphologie Sociale. Conférences tenues à l’Université Nouvelle de Bruxelles. Par ACHILLE LORIA. (Bruxelles et Paris, 1906. Pp. 180.)

THESE lectures present in a popular form and in vigorous outline the salient points in the author’s economic interpretation of society. The key to social evolution is found in the progressive

¹ “Perhaps Great Britain would never have taken the Abolitionist question seriously at all, had she succeeded in preserving that monopoly of Colonial trade which from 1795 to 1799 she had temporarily regained.”

diminution of the productivity of land consequent upon the progressive increase of population. There is, however, a natural term to this process, for "all evolution is by its nature limited." We may therefore look forward to a stationary state in which "l'organismes social s'apaisera enfin dans une forme symétrique et définitivement équilibrée." The following lecture on the "Colonial Method" enables Professor Loria to develop his familiar thesis that the moving cause of history lies in the conditions of landed property, and that social reform "ne doit par commencer par l'homme, mais par la terre." "Le générateur exclusif de la constitution sociale c'est le degré de l'occupation et de l'appropriation du territoire"—such is the result of the comparative method as applied by Professor Loria to the study of the essential differences in the social constitution of different societies. The author finds in the history of colonies not only the revelation of a "grande loi anthropologique," but materials of momentous value for the economist, the politician, and the criminologist, as also for the philologist, the historian, and the sociologist. The lecture on "Social Types" concentrates attention on the two fundamental forms of social economic structure—the one in which the worker is in complete possession of capital, the other in which he is as completely deprived of it. The economic form, which has a preponderant rôle to play in the social economy of the future, is one in which this divorce of the worker from the means of production will terminate in their union—in the shape of a co-operative organisation of workers. In the meanwhile there are signs of "un procès implacablement destructeur" within the actual economic system itself. Modern expansions and developments of capitalism only mask the weakness and precariousness of its position. A lecture on "Population" contains an effective criticism on Malthus, as well as on his critics. "Le bon pasteur" failed to observe that it is not man in general, but the man of the proletariat, who "follows nature." Where Malthus sees two "natural" laws—the one limiting the means of subsistence, the other favouring the excess of population—Professor Loria sees two laws which are essentially economic or rather two antagonistic aspects of the wage system—of the system, that is, which divorces the worker from the means of production. Such a system tends at once to limit the productive forces of agriculture and to encourage the reckless production of human beings—a process which, so far from being dictated by nature, is the direct effect of social institutions. If there is not an excess of population over the means of subsistence,

there is, however, an excess of population over capital. It follows that the only means of checking the excess of population is to be found in an economic system which would favour rather than hinder the productive employment of capital. In his lecture on "Social Classes" Professor Loria again emphasises the separation between productive and unproductive capital—a special characteristic of the modern business-world—and finds the key to social classes in what he regards as the foundation of all sociology—in the fact that all economic and social phenomena have their basis, not in man, but in land; that their cause does not belong to the order of anthropological facts, but is "exclusivement tellurique." On the same lines Professor Loria constructs "the economic theory of the political constitution," and supports it by the observation that at no time has government been a more palpable and evident incarnation of *l'idée éternelle du matérialisme historique*.

The politics of civilised nations present a double aspect—social reform within the gates, imperialism without. The secret spring of all democratic reform is, according to Professor Loria, to be found in the political conflict between the landed and the capitalist interest. It is, for instance, just because this "*lutte féconde*" is absent in Italy, on the one hand, and in Belgium on the other, that these two countries are placed at a disadvantage as compared with England. The problem in Italy is to create a powerful commercial class, in Belgium to favour the development of a landed interest. This is certainly an interesting illustration of the method of "historic materialism." As, however, all social reform emanates from the propertied classes, we can only expect upon this method secondary and partial modifications in the structure of property itself. Professor Loria's study of "Imperialism" is equally "material and economic." It is a phenomenon at once "grandiose" and "piquant," and may be defined as "the conquest, evident or masked, of new countries by old ones—the political annexation of colonial territory by old nations saturated with capital and population." Modern imperialism is, in fact, military and violent. Its cause—which, to Professor Loria, is nothing if not economic—is "*le malaise du capital se débattant dans les étreintes d'un profit insuffisant*." To the more sinister aspects of militant finance Professor Loria does more than justice; but his statement of the case tends to be excessive—and almost fantastic—in its violence. There seems to be nothing on which imperialism has not set its mark, nothing which may not be counted as an effect of this "*morbus anglicus*"

—"this great social malady, fatal corollary of capitalism arrived at its decline." The concluding lecture is devoted to "Social Superstructures"—that is, social phenomena which arise, immediately or indirectly, from the economic system—more especially moral and legal institutions. The systems of law and of morality that exist are explained as the product of the fundamental antithesis between individual and public interest characteristic of capitalistic society. Justice and morality are the interest of the economically stronger. As a curious instance of Professor Loria's reasoning, we may mention his economic explanation of the opposition in Italy to divorce. The only thing that will assure the triumph of this reform is the expansion of industry and national commerce. The evolution of art again "suit docilement des rapports économiques."

In a final word Professor Loria acknowledges the reaction of the facts derived from economic phenomena upon those phenomena themselves; but it is always the economic fact which constitutes the hidden source of all social phenomena; and it is political economy which is the mother-science of all the social sciences and of their *grande synthèse*—sociology. We are inclined to agree that sociology can only exist and can only "attain to the dignity of an exact science" by taking as its point of departure the analysis of the economic fact; but whether it is likely to end or to get very far with the conception of "historic materialism" pure and simple is another question. The theory, as stated by Professor Loria, seems strangely unequal to the subtlety of nature or to the complexity of life. But it goes without saying that it is stated with great spirit and with an enthusiasm which some critics might think worthier of a clearer cause.

SIDNEY BALL

Henry Sidgwick. A Memoir. By A. S. and E. M. S. (London : Macmillan, 1906. Pp. 633.)

HENRY SIDGWICK is remembered by economists as one who shed light upon their science not only directly, but also by reflection from other worlds of thought. In respect of this double service he may be compared with several of his predecessors in that illustrious line of English philosophy which he worthily continued. What he says of J. S. Mill as an economist is true of himself:—"He brought a higher degree of philosophical reflection to bear upon his exposition of the common doctrines of the science."

Among passages in the book before us which refer to Sidgwick's purely economic studies the following appears particularly interesting :—

“ I have been reading all kinds of things lately. I find out that political economy is what I really enjoy as an intellectual exercise. It is just at the right stage of scientific progress and there are not too many facts to be got up.”

We forbear to expatiate on the reflections which this confession suggests—how much can be effected by “ intellectual exercise ” without “ too many facts,” in the way of clearing away the illusions which beset our subject ; how little in the way of concrete constructions on the site thus cleared ; whether many students can be expected to “ get up ” more facts than sufficed Sidgwick.

Sidgwick wielded the purely deductive organism with considerable power. But he especially excelled in handling what he called the “ Art of Political Economy.” This part of his economic treatise, the great Third Book, is much indebted to his ethical philosophy. From the Methods of Ethics is borrowed the dialectic by which it is concluded that the principle of Distributive Justice affords no certain sound, no clear direction, unless it is informed by the superior principle of Greatest Happiness. The Methods of Ethics are also required in order to interpret the utilitarian first principle : to exhibit the implication that the sum-total of happiness is increased by increasing the number of a prosperous population, and the *prima facie* presumption in favour of equally distributing the means of happiness—a presumption limited by laws of human nature very general and deep-seated. These sublime topics are not explicitly re-handled in the memoir. But if we obtain no further guidance in the arduous region of first principles, still our confidence in the guide is increased. The life of the philosopher is calculated to add authority to his teaching. We do not profess to analyse philosophically the grounds of such authority. The reader may be referred to the paper printed in an appendix to the Memoir, in which Sidgwick has discussed Authority as a source of belief. Perhaps the sources of primary belief are described more justly than philosophers are ready to admit in the lines “ which occurred to Sidgwick in sleep, or which at least he awoke thinking of,” beginning

“ We think so because other people all think so,”

and continuing,

“ or because we were told so and think we must think so.”

However that may be, it is safe to say that the perusal of this well-composed narrative and well-compiled correspondence will deepen in many minds their respect for the judgment of Sidgwick. Memoirs of great teachers or preachers sometimes counteract the effect of their writings, by the exhibition of pettiness in private life. But Sidgwick sustains our respect by a certain elevation of mind, the quality which he himself describes when, with reference to "reading and thinking," and "the ultimate good to be derived in indirect ways" from mental cultivation, he says—

"this world, our little petty interests, are 'too much with us,' and anything that lifts us out of them is a gain. Indeed, I estimate men a good deal by their capacity for this elevation, 'soaring.'"

His friends and the readers of his life may say of him what he says of a lost friend:—

"I never knew anyone more free from what Goethe calls 'was uns alle bündigt das Gemeine.' After conversing with him I always felt that the great realities of Life and Thought and Art, the true concerns of the human spirit, became more real and fresh and vivid to me."

Those whose study of Sidgwick is confined to his philosophical writings may fail to realise how deeply his thought was tinged with the wisdom which is diffused through literature, how diligently he studied human nature in the school of those masters who, in the phrase of one of them, are better teachers of conduct than "Chrysippus and Crantor." Sidgwick's sympathetic interest in everything human extended even to the antiquities of economic history. We shall not attempt—it would be out of place here—to portray the varied talents and virtues which, known already to the readers and the friends of Sidgwick, awake new admiration as reproduced in this memoir. But we have thought it not irrelevant to adduce some illustrations of the encomium which has already been pronounced in the *ECONOMIC JOURNAL* by the very competent judge who wrote the obituary notice of Sidgwick. In that appreciative study Mr. Keynes sums up his impressions by

"saying that he regards Professor Sidgwick not merely as the most intellectually gifted man he has ever met, but also as preeminently realising Aristotle's conception of the *φρόνιμος*, the impersonation of the standard of reason."

That Aristotelian character, it will be remembered, is the one of which it is written that we ought to defer even to the undemon-

strated dicta and opinions of the wise, who have a power of mental vision acquired by experience.

A conspicuous feature in Sidgwick's philosophy was the blending of practical wisdom with speculative doubt. He who reduced so many provinces of conduct under the sovereignty of the Utilitarian first principle still hesitated to complete the unification. It appears from the Memoir that this speculative doubt was never removed. We are here not entirely unconcerned with this scruple about first principles, so far as the Art of Political Economy involves the postulate that

"the ultimate criterion of the actions of government generally is their tendency to increase human happiness" (Sidgwick, *Politics*, ch. iii., § 3).

But let it be granted that conduciveness to general happiness is the end of political action; that in choosing between alternative policies the main question before the political economist is, which "may be expected to lead to most happiness so far as this depends on the production and distribution of the produce of industry?" (*Political Economy*, Book III., ch. vii., § 1).

There still may be hesitation as to the means conducing to that end. For

"we can no longer use the comparatively exact measurements of economic science, but only those more vague and uncertain balancings of different quantities with which the politician has to content himself" (*Ibid.*, ch. i., § 1).

Again and again, as each practical problem comes up for consideration, Sidgwick insists on this limitation of our faculties:—

"there is, I think, no theoretical solution: it can only be settled by a rough practical compromise" (*Ibid.*, ch. ii., § 2).

"It seems hardly possible to frame the regulations on any other principle than that of carefully balancing opposite expedencies" (*Ibid.*, § 6).

Other philosophers formally admit, but are apt to forget in practice, that probability is the guide of life. To follow the better course and yet continue to see the indications which pointed in other directions was the peculiar virtue of Sidgwick. The editors' testimony as to this peculiarity--the testimony of a brother and a wife--deserves attention.

"He always had a vivid perception of the other side of a question, and was eager to take into account what was valid in an opponent's position, so that in practical affairs he generally acted consciously on a balance of advantages, not on any overpowering conviction that the course he adopted must certainly be right; there was no element

of fanaticism in anything he did, and his temperament was not a sanguine one. The result was not indecisiveness in action. When he took up any matter—for instance, the education of women—he worked at it with a deliberate zeal and unwavering, single-minded, self-devotion, which made up for lack of enthusiastic and unhesitating conviction; but he worked without the stimulus which this gives; and perhaps his balanced temperament prevented his being a very inspiring leader, except to those who knew him well.”

Sidgwick's scepticism has more than once taken the form of refusing to submit to a general rule which purports to render the appeal to experience superfluous. Of this character is the limitation which he imposes on the principle of *laissez faire*. Limitation we say advisedly, not abrogation, of the general principle, to which he still leaves considerable authority.

“This conception of the single force of self-interest, creating and keeping in true economic order the vast and complex fabric of social industry, is very fascinating. . . . And I believe that the conception contains a very large element of truth” (*Political Economy*, Bk. II., ch. ii., § 1).

So with respect to one particularly important infraction of *laissez faire*, protection of native industry, we read:—

“I do not mean to say that the broad general argument for industrial liberty has lost its force. I have already expressed the contrary opinion, but I think that in the natural developement of economic theory it has come to be recognised as merely a first approximation to the truth” (*Political Economy*, Bk. III., ch. v., § 1).

The main consideration which turned the balance in Sidgwick's judgment, making him “decidedly opposed” to the policy of Protection, is thus expressed:—

“I do not think we can reasonably expect our actual governments to be wise and strong enough to keep their protective interference within due limits” (*Ibid.* We have not room for the corroborating context.)

It may be asked now: Does Sidgwick hold the balance fairly between general and specific evidence when the two conflict? Some prejudice may perhaps be excited by his procedure in a case which is somewhat parallel, though in *aliâ materiâ*, his investigation of spiritualistic phenomena. He may seem ready to admit shreds of evidence in defiance of common sense. The Memoir certainly shows him pursuing “psychical research” more persistently than might have been expected; but it also shows that he was by no means deficient in what Gibbon, with reference

to a well-attested marvel, calls a "general antidote" against credulity. Altogether, on the question, which does not admit of a precise answer, what comparative weight should be assigned to particular pieces of evidence and to experience massed in generalisations, it would be hard to show that Sidgwick deviated from the standard of reason. The refined argument that "temporary protection is in certain cases defensible in pure economic theory" (*loc. cit.*), is far removed from vulgar fallacies; a philosophical curiosity about telepathy and hypnotism does not imply belief in popular superstitions and the common ghost.

All that we learn about the personality of Sidgwick confirms our deference to his practical wisdom. A peculiar weight attaches to his judgments on the human side of economic problems. He teaches with authority that the Art of Political Economy aims at a maximum of happiness, by means in the choice of which we have often to be content with a balance of probabilities. Whenever he himself strikes the balance he thereby contributes a datum of some moment to the deliberations of his followers. Great weight accrues to the scale which preponderates in the well-balanced mind of Sidgwick.

F. Y. EDGEWORTH

NOTES AND MEMORANDA

THE BUDGET OF 1906.

THE interest that would naturally be excited by the first Budget of a Minister representing a party excluded from office for over a decade and pledged to a policy of retrenchment, has been considerably diminished by the special conditions of the case. One large element in the Budget problem was practically settled before the Chancellor of the Exchequer entered into office. The expenditure side of the account was determined by the estimates of the spending departments, leaving only the due balancing of the revenue side for adjustment, and even here the field of choice was not large. Mr. Asquith's decided condemnation of the coal tax almost amounted to a pledge of its removal at the first possible date. The needs of the Sinking Fund reduced the amount available for further remission so much as to prevent any lowering of the sugar duty, and thus made it plain that a slight relief on tea was the only course open.

The elimination of the surprise element, however, has given room for the recognition of the general conditions on which the financial policy of the Government will depend. One point may be taken as settled, viz., that the National Debt will be treated in such a way as to reduce its amount and place the obligations of which it consists on a better basis. The financial methods followed since 1895 were distinguished by (1) the growth of a separate debt charge on account of buildings and naval constructions, representative of the assets supposed to be created by the use of the borrowed funds, and (2) especially during the war period since 1899 by the increase of the floating debt. The amount of loans under the former head had reached by the end of the financial year 1905-6 the sum of 45½ millions. Eight years before this class of debt was less than 4 millions, showing an increase of more than 1,000 per cent. The

objections to this policy are obvious. It pretends to separate capital from revenue, while in reality it simply complicates and confuses the public accounts. It undoubtedly weakens parliamentary control, and therefore encourages comparatively wasteful expenditure, and it has no real efficacy in securing the continuous and suitable outlay on public works which is declared to be its *raison d'être*. The closing of this part of the State's account by its absorption in the general debt can be carried out in a reasonable time.

Equally unsatisfactory is the position of the floating debt. Here again there has been an undue increase. After the great conversion of 1888 there was a temporary rise of the floating debt to 36 millions, but by 1899 it was reduced to a little over 8 millions. In the past seven years we find a more than five-fold increase to nearly 42 millions, composed in nearly equal parts of Exchequer bonds and Treasury bills. But behind these is the war loan of 30 millions, which falls due in less than four years. The most vigorous action will hardly clear the way much before this addition to the debt payable at demand comes in.¹

The need of a large real surplus is thus evident, and the Budget has the merit of furnishing for this end an amount of 9 millions, which may be increased considerably if the revenue continues to be satisfactory. This temporary provision will have to be replaced by a permanent scheme which might well take the form of the allocation of a fixed sum to debt redemption, as distinct from the total debt charge. The time seems to have come for escaping from the fictions of terminable annuities and the new Sinking Fund which are so easily broken through under the pressure of new expense.

Turning to the question of principle in the granting of relief from the war taxes, the selection of the export duty on coal seems at first doubtful. In its favour were the rather antiquated and exceptional character of such duties, the urgency of very powerful classes of producers, and the important influence that the coal trade has upon freights and hence on the whole body of the foreign trade of the United Kingdom. On the other hand, the sugar duty seemed open to stronger objections, and the surplus was enough to allow of that duty being lowered by one half. This course would have necessitated the retaining the tea duty at 6d. per lb., a circumstance which may well have turned the balance. In addition,

¹ The issues of Irish Land Stock are not to be included. They are of the same class as the Local Loans debt or guaranteed Colonial Loans. Nevertheless they help to make the financial operations of the Government more difficult and may ultimately add to the debt charge should the allotted Irish Funds prove insufficient.

the feeling is natural that as the whole extra taxation of the war period, so far as commodities are concerned, must speedily go, there is little difference in choosing one before another. The indications, indeed, are that the tea, coffee, and cocoa duties, with those on dried fruits, will share the fate of the coal duty, and that the existing relations between direct and indirect taxation will be adjusted in favour of the payers of the latter. There is, of course, no scientific basis for the rule, so often propounded, of equal amount of contribution from each head, though the difficulties of a great change in the balance are grave enough. In this case also the statements of the Budget speech are significant. The proposal to appoint a Committee to investigate the questions of graduation and differentiation of the Income Tax, and thus to resume the task laid down in despair by the Committees of 1852 and 1861, shows the direction of the coming policy in respect to this great tax. It is highly probable that the impediments to any elaborate plan of graduation may compel the adoption of a complementary property tax somewhat in the manner advocated several years ago in this JOURNAL by G. H. Blunden (ECONOMIC JOURNAL, Vol. VII., pp. 607 seq.).

But direct taxation of income and property is so connected with the death duties and with the system of local rates that its remodelling means something like a revolutionary change in the whole tax system.

The taxation of alcohol and the licensing duties are also matters designated by the Chancellor for consideration in the near future.

The virtual abandonment of the differential duty on stripped tobacco is merely the logical result of the Free Trade principles on which the Ministry have come into power. It may be noted that the repeal involves no loss of revenue.

In various quarters the Budget has been described as ordinary and "humdrum," and it certainly has not startled anybody. A more fitting epithet for it is the title "suggestive." It does very little, but it moves in a course which, if persisted in, will in succeeding years be fruitful of important developments. It is further in accordance with the true lines of development of British finance, and it is honourably free from any traces of reaction. It is for the future to show how the policy of the Chancellor will take actual shape, and how far it will avoid the dangers with which the claims of extreme parties may easily surround it.

C. F. BASTABLE

THE JUBILEE OF ADOLPH WAGNER.¹

THERE has just been published in Germany a volume which is at once a pious tribute to a venerable teacher of economic science, paid by a small but notable body of his disciples, and a solid piece of literary workmanship. Some months ago Professor Adolph Wagner reached his seventieth year, which was also the thirty-fifth year of his work as an academic teacher at Berlin, though he had lectured before at Dorpat, Vienna, Hamburg, and Freiburg. It is a pleasant tradition of German university life that when respected teachers attain this high anniversary, not only their colleagues of the chair but the students who have sat at their feet unite to offer them honour. The "Festschrift" marks the highest intellectual level of such congratulations; while the "Festkommers," or festive drinking-bout (no occasion of unseemly excess, by any means), commemorates the event on the lower convivial plane. To Professor Wagner fell both the honour of adulatory rhetoric and the grosser homage of the flowing bowl. The "Festschrift" is of special interest, inasmuch as it is solely the work of old students.

All the writers of the eighteen essays which make up the goodly volume belonged to the seminary which Wagner, like so many German professors, has always conducted in conjunction with his more formal work as a teacher. The seminary is one of the most delightful as well as most instructive features of German university life, and the preface to the "Festschrift" will stimulate treasured recollections in the breast of any reader who has had experience of it, especially if (as in the writer's case) the scene of his experience was the very seminary which has produced this generous tribute. In the ordinary lecture-room the German professor is formality itself; in the seminary he puts off rigorous conventionality. In the one case you meet the teacher, whom much learning has a way of making ponderous and arid; in the other you meet the man, and an exceedingly amiable and approachable man he invariably proves himself in the freer atmosphere of the after-class. It is in the seminary that the most important work of study is done. It is an enlargement of the lecture, and to it only the most seriously inclined students are invited. There the questions touched in passing in the lecture are met at close quarters. There the dictator of the reading-desk is suppressed, and the student is given his turn. Essays are read and severely criticised, not merely

¹ *Festgaben für Adolph Wagner zur siebenzigsten Wiederkehr seines Geburtstages.* Leipzig: C. F. Winter; London: Williams and Norgate. 343 pp.

by the *commilitones* but by the master himself, often with trying consequences, though the keenness of the ordeal is eased by the fact that the belaboured debater can strike back, even if he fails to hit home. The joint preface to the "Festschrift" is concerned entirely with Wagner's seminary and the inspiring influences which have passed from it, stimulating, equipping, directing many generations of students, and in personal interest its graceful pages are the best part of the book. "What a wealth of suggestion was offered to us by the multiplicity of themes, allowing each individuality full scope," write the authors, referring to the fact that each member of a seminary chooses his own subject at the first sitting. "True, you were always ready to give friendly advice to anyone who was uncertain as to the choice of subject, though you preferred that everyone should fix his own task. And just as you sought to awaken decision in us, so you sought to awaken in us the courage of individual opinion. Everyone should show his colours—to his colleagues, as also to you. The latter was not altogether easy. For though your criticism was always benevolent in tone, and though it never spoke *ex cathedra*, with the accent of infallibility, it nevertheless hit hard home, hit with keen edge. Not seldom one who betrayed his immaturity went home 'in seines Nichts durchbohrendem Gefühl' [the words of Schiller—"penetrated to the marrow with a consciousness of his nothingness"]. But it was well so; it was well that you so emphatically impressed on us the gaps in our knowledge and the weakness of our argumentation, and never shall we forget how much those hours of intensest intellectual gymnastics carried us forward. Youth needs discipline not less than freedom; from you we received both." These words give a true picture of Wagner's seminary, and also of the seminary at its best in every German university. In the following part of the preface full justice is paid to Wagner's courage as an independent thinker, and to the broadmindedness and honesty with which he has grappled with the movements which have for a generation or more been so powerful in German social life, and to which, as an economic teacher, wielding a powerful influence upon the educated youth of the nation, he could not afford to be indifferent. The writers differ in their attitude towards Wagner's far-going State socialism, for they evidently number strong individualists as well as theoretical sympathisers with the ideal "Zukunftsstaat," yet in this very variety of thought lies the impressiveness of this tribute to Wagner's work and authority.

The personal element overpowers all others in a volume like this, and a formal review would be almost out of place. As

to the essays themselves, however, it may be said that they are eighteen in number, and significantly enough only half the writers are German, the rest almost all being Italian, a fact which strikingly illustrates the widespread influence which Wagner has exerted as an economic thinker and the strength of the "direction" which he represents. No system has been followed in the collection of the essays, but each writer has been left free to make whatever contribution he would to the common stock. The more noteworthy of the German essays are those which treat of the influence upon Karl Marx of the teaching of Hegel, Feuerbach, Stein, and Proudhon, the earlier anticipations of Malthus, and Japan's financial policy from 1895 to the present time.

WILLIAM HARBUTT DAWSON

THE EXPERIENCES OF A TRAMP.

As I have been a factory-hand since the age of twelve, the aspirations, limitations, and mannerisms of my class, and of the class immediately below it, are well known to me. I was led to the experiment which this article describes by a desire to know the precise view of life held by the average tramp one meets, to gather, if possible, the percentage of *real* out-of-works, and to differentiate between them and those who cannot, or will not, work. On June 6th I left "O——d" in the early morning. At about 1.30 I reached "B.," a small country town. Turning into a little huckster's shop at the corner of a street, I inquired for a cheap lodging-house. Being directed round a side street, I came across it. The landlady and another woman were standing in the doorway. They showed me into the general living-room, in which there were eight men, four women, and four children. They were an interesting group; and I was fortunate in catching them all at home, owing to the fact that it was raining. However, let me first briefly describe the room. It was square and spacious, paved with blue bricks, and very dirty. The sides of the room were lined with tables, and there were shelves above them. The latter were filled with plates for food, basins for tea, and teapots, while several frying-pans of various sizes hung upon the wall. The odour which pervaded the room was like that given off by bad drains. Dinner-time having arrived, there was a busy preparation for the meal. A few fed upon bread and scraps of meat which they had begged the previous day; others were soon busy frying fresh meat and making tea. They must have cooked in all four or five pounds of meat.

The people themselves were, on the whole, fairly well dressed, the men in corduroys, the women variously, and they were all fairly clean. There was a travelling tinker, his wife, and mate : though from their remarks they also begged, and the mate sometimes "griddled" (sang in the streets) or sold laces, buttons, or fly-papers. There was a tall, weedy man, who had been an iron-worker, and his wife. The wife was a simple, harmless young woman, who had evidently been a domestic servant. A rough, brutish fellow was there, with two young children, whom he took with him upon begging expeditions, and cursed and bullied when he got them home. There was another man and woman, also with two children, who were kept very neat and tidy. They, too, begged or sang for a living. The man was very proud of having been a publican. The four remaining members of the group were two well-dressed, middle-aged men ; a deformed man with peculiar eyes, dirty and silent ; and an old woman. The two former had been respectively a guardsman and a groom, but were now aristocratic beggars, and good for anything at a pinch. By aristocratic beggars I mean that they never troubled themselves with villa residences, but drew up a list of big houses, and called upon them. I know this, for I journeyed with them on the following day, and shared the results.

After the meal they started tale-telling. The stories were mostly obscene. However, the women enjoyed them equally with the men, and they were oblivious of the presence of the children. This lasted until midnight, when we were shown to our sleeping-rooms. When morning came I found that the ex-guardsman and the groom were to mate together. I asked leave to accompany them. They gave it. The ex-guardsman bought a morning paper to see who was in "town." This absence from "town" meant their presence in the country, and to call upon the big country houses was our plan. The ex-groom had got his begging list ready, and snugly stowed away in an envelope to keep it clean, and off we started in the direction of "W." in the mizzling rain. We had fivepence between us. We bought some bread and cheese and a pennyworth of tobacco, sharing everything fairly. Soon after we took the business of the day in hand, and leaving the main road we cut across by-roads, and made for the first call. This was some "Hall." My two friends, being more respectable in appearance, did the calling, while I held the rough overcoat of the ex-guardsman. The owner was away, so they waited upon the butler at the lodge-house. This obtained sixpence.

Our next call was Lady M——'s. She, too, was out ; but the

cook gave us some bread and a plentiful supply of boiled ham, which we quickly ate in the park. We had now been walking some twenty miles, and the third place on the list was a few miles ahead, so we decided to gain the high road again and make straight for "W." At a village about four miles away the ex-guardsman had an old friend. On inquiry, we had passed his place, so they returned, leaving me to try a house or two in the village. This I did with no success. I went into the public-house, and asked permission to sing, but the landlord surlily told me "he had had too many of my sort already." They returned from the friend's with a shilling. This made our funds one shilling and sixpence in all, for supper, bed, and a bite in the morning. Things had gone badly, and my companions used a few expressive oaths bearing upon the contrariness of things in general. They even condescended to call on a villa or two, I holding the coat meanwhile. From these they got sixpence. With this sum of two shillings we were fairly safe. We had walked about thirty miles and were all dead tired. They were determined to do no more work—they call it work—this day, but to quickly seek a doss-house, have tea, and a rest. I cheered them up by suggesting going out and singing at the public-houses in "W." while they rested.

The doss-house was reached, in which there were a motley crowd of thirty men and five young women. Here we had our fill of bread, butter, tea, and lettuce, after which I went out alone to try to sing a few coppers into the general fund. I tried about five houses, but the publicans would not allow this. However, I drew sixpence out of my pocket-book, spent a penny on a shave, and returned to my companions in about an hour-and-a-half's time with the remaining fivepence. I led them to believe that I had sung for it, and they never doubted my story. This, however, was not from any lack of shrewdness on their part; for, by their conversation *en route*, it was evident that they had never allowed any qualms of conscience, or experiences of prison even, to deter them from any venture they might have on hand. They were as well acquainted with the hunting counties as any surveyor. They had had something to do with well-nigh every master of hounds, while with the private life of many a noble huntsman and huntswoman they were not a little conversant. From passing glimpses of their lives, I should imagine that their evident love for this free and unsettled life was inherited for the most part, and possibly developed by usage. They had no idea of settling down. Seeing that I was new to the life, they suggested various easy means of

making it remunerative. One was the splendid opportunity of visiting the bedrooms of country-houses, by means of climbing the spouting, or the ivy, or any other kind of creeper, while the family were at dinner in the evening. Though this suggestion *may* have been intended as a joke, I confess that I think it was intended with all seriousness. They commented on the additional facilities my light weight and comparative youth gave me for such a venture.

The doss-house was a great improvement on the one of the previous night. The living-room was cleaner, and so were the cooking utensils. The company was mixed, for the most part young, with a sprinkling of middle-aged, and a few old men. Most of the young people were between twenty-four and thirty-four years of age, and belonged to a grade higher in the social scale than those of the preceding night. Several were sellers of laces, fancy flowers, and such like. Others had a rag and bone and general oddment cart which stood out in the yard.

Next morning, after we had breakfasted on the remains of the evening's meal, supplemented by my fivepennyworth of food, we had a pipe, and considered where to make for. The ex-guardsman was making for "L." The ex-groom had not decided. I had calculated upon getting clear of the company of both. The ex-guardsman left first, we continued to smoke a while. Soon after the ex-groom beckoned me, I went, and we made for the street; he had decided to go my way. We started in the direction of "C."—a large industrial centre. My companion told me candidly that he did not intend to share the day's takings with me. I told him that I quite expected this, and hinted that I should be all right, as my journey was nearly over. About six miles out I let him get ahead, having wished him good-bye.

At 6.30, after having hidden my pocket-book and cash in a hedge-bottom, I lined up with a few others outside "S." work-house. I joined the rest of the bunch in the yard, after having satisfied the master of my *bona fides*. The cross-examination was surly, and I was told "there were only stones here." Shortly after we were all admitted, told to strip, questioned as to money, pipes, and property, and sent into the bath-room. There was only one bath in use, half-filled with dirty warm water. Dirty cloths, to serve as towels, to dry with, completed the outfit, and the hammocks being all full in two wards, we were given three sulphurous blankets instead of the ordinary allowance of two, and shown into the ward. To reach this we had to go through a full ward, and the inmates enjoyed a little humour at our expense. They had completed their day's

tasks, and were therefore to be freed in the morning. We had ours to face, thus the fun. Reaching our ward, the beds being full, the concrete floor, aided as best we might with the three blankets, was to be our bed. The side-windows were open and the ward was cold. I made for two oakum benches, which, with their backs together, I thought would be preferable to the cold floor. At about 7.30 eight ounces of bread were given us, and a bucket of hot drinking water was brought in. A few iron mugs were provided, and we were left to make the best of it. The smell of sulphur pervaded everything. It was in the water, the bread, and the atmosphere seemed full of it. I ate my bread and watched the crowd. They were a merry lot. Most of them, being old hands, had smuggled in pipes, tobacco, and matches, and they were soon smoking away jollily. The conversation turned upon their experiences. Their ages were thirty years and upwards, more upwards than not. The chatting, tales, and smoking, the latter broken at intervals when a step was heard in the corridor, continued until darkness came on. Meanwhile, two or three more militant individuals had closed the windows with the aid of stools placed one upon another, for they were quite high up out of our reach. The porter, to-morrow's taskmaster, had suspected this, and for reasons of his own came round to open them. "You've shut the windows, I see," he growled. "Yes," they answered, "and if you open the — windows we'll — break them." With that he went. He was a fat, nervous man, and evidently feared to go too far. Night closed in, and the chatting ceased.

At six o'clock the bell rang. We all got up, folded our blankets and carried them out into the corridor. Those who had hammocks folded them up and fastened them to the wall. Another eight ounces of bread and a mug of water completed our breakfast. The seven o'clock bell rang, and we were told off to our tasks. The allotment of the tasks convinced me of the taskmaster's nervousness. Those who had rated him severely overnight about the windows were let off with a light job. Some eight of us were put into a cell apiece with half-a-ton of flint to break and put through the grating. This necessitated the stone being broken into small pieces until it would go through. A large and small sledge-hammer, and a shovel, made up the tools for the task. There was no oakum picked. The rest of the men were employed, some to sweep up the sleeping cells, others to wheel round the load of stone opposite each grating for to-morrow's task, and the remainder to saw wood in the yard. These

jobs are light, and badly superintended, stone-breaking being the job that none care about.

I started my task with good grace, and a determination to get it done as soon as possible. I worked hard, but made little progress. The flint was hard, and I had knocked off two hammer-heads before the morning was well spent. The flying stone cut my trousers, and drew blood from my hands and legs. By dinner-time, when we ceased work for an hour, I had broken about half. I was pretty well exhausted by this time, although one of the men had finished his task. We had another eight ounces of bread, one and a half ounce of cheese, and a mug of water for dinner, after which we returned to our cells. The other stone-breakers completed their tasks about half-past two o'clock, and being now free, and the taskmaster absent, came into my cell to see what progress I had made. After some remarks about my not being used to the job, they kindly showed me how to find the grain of the stone, and broke some for me. I was very grateful. By this time I was about beaten, and had almost decided to ring for the master and take the consequences. They dissuaded me, however, and one or the other of them helped me through with it, after which I crawled out, almost too tired to thank them. This was about four o'clock in the afternoon. We were now free. After a rest I had a wash; and at five o'clock we had tea—another eight ounces of bread and a mug of water. I quickly retired to the sleeping cell, obtained my blankets, and got into my hammock. From this time till about eight or nine o'clock fresh arrivals came in, passing through the ward as we had done the previous evening. However, I soon sank into a heavy sleep, for I was so tired that supper did not trouble me.

The following morning much about the same performance went on. However, I, and I expect all of them, did it with a lighter heart than on the preceding morning. After we had breakfasted, and claimed our bundles, we were let out. In all, I had been in the house about thirty-six hours. During that time sixty-five casuals went through the wards, and I cannot candidly say that there was one of them who had been a regular worker for many a day. To those who are used to the stone I should say that it is no very great hardship; while to a man of a soft-handed calling the hardship is considerable. I laboured under much difficulty in not knowing anything about the grain of the stone. The other jobs are soft ones; and from inquiries I find that habitual casuals more often than not obtain them. There may be an exception where the taskmaster is impervious to

terrorism, verbal or implied; but I should think it to be quite likely to be the rule where he is a nervous man. They are only human, and a blow from a hammer is not a thing to be courted.

The foregoing, though interesting to the general reader, does not carry us very far toward the goal, to reach which I undertook the journey. In conclusion let me briefly summarise the facts, with a view to a rough classification.

Begging.—From my own experiences I should say that, to a real-out-of-work, who has not been long enough upon the road to lose the spirit of independence, it is very unremunerative. In theory one would think otherwise. However, bearing in mind the impediments to anything approaching a true discrimination on the part of donors, coupled with the natural hesitancy of the conscientious applicant, this will at once be obvious. It is persistency that succeeds with begging; and this element the real-out-of-work lacks. With the class who make a science of it, I know from experiences in the "B." doss-house that it pays very well. A hawker's licence is their visiting card. With it they are safe from police molestation. Without it there is always an element of risk.

Women.—Of these the percentage is very small. Some are true to their husbands or mates; but in the majority of cases the marital bonds are worn but lightly. The percentage of children is very small also. However, it is difficult to imagine what possibility of a better life is open to them, nurtured as they are upon filthy thoughts, only too openly expressed.

Casual Ward.—The treatment, as I said before, is not a great hardship to those who are used to it; but it is at once demoralising, and a hardship to those not used to it, who have hitherto belonged to a soft-handed occupation. Discrimination, on the part of the officials, is difficult. Where you get a nervous man, easily terrorised, great unfairness is likely to prevail, and in some cases does actually exist. Where the official is a good disciplinarian, such as I met with in other workhouses, the tasks are likely to be imposed with more justice.

Effect of Treatment.—The effect is mixed. For instance, if the casual is an habitual, fairly strong, and young, the task is not likely to be a deterrent. All, except myself, in "S." workhouse had completed their work by 2.30, and did not seem much the worse for it. On the other hand, if one is successful in getting an easy task—sweeping, sawing wood, or wheeling the stone round to the gratings—I can imagine the "House" being looked upon as a good friend in need.

Standard of Efficiency, Capacities, and Mental Traits.—These are of a very low order. A high standard of physical efficiency cannot be maintained on a diet almost exclusively of bread. However, to provide a better diet would be decidedly harmful, for its attraction would be great. Mentally, a good proportion of them have an atavistic kink in their make-up. Others have slipped into the life, and have apparently little desire to get out of it. That the life, its freedom and the absence of any settled responsibility, is enjoyable goes without saying. For six or eight months out of the twelve they have weather passing fair. From June till October they have open-air work, haymaking, pea, fruit, and hop-picking, which gets them a good pair of boots upon their feet and a new suit of clothes upon their back. For the remaining fine months the road is the home of the majority of them. For the winter they drift into the town which is more their home than any other, the place of their birth, there to eke out the wherewithal for life till the days become longer and the sun warmer. That, from what I can gather, is their life. Apparently, few of them have any future prospect beyond this.

In all, I met about 200 men, women, and children. Out of this total I could not place above a dozen in the regular working class.

E. DILLON CLARKE

VARIATIONS IN THE EDITIONS OF J. S. MILL'S "PRINCIPLES OF POLITICAL ECONOMY."

THE *Principles of Political Economy*, by J. S. Mill, underwent seven editions during his life, each being revised by him with frequent and important alterations.

1st ed.	1848	6th ed.	1865
2nd ed.	1849	7th ed.	1871
3rd ed.	1852	8th ed.	1878
4th ed.	1857	9th ed.	1886
5th ed.	1862		

These were in two volumes. There was also the People's Edition, which Mill published in one volume, in the same year as the sixth edition (1865), with the foreign quotations translated into English, omitting the Appendix. It was in double columns, wretched type closely printed; yet it was kept in that identical type and it has recently been re-issued as a "new impression" without any date (except 1900) and nothing to show that it was Mill's own People's Edition. The omission of the Appendix is a distinct loss, as it gave information about French agriculture.

The Preliminary Remarks have been slightly altered in the third, fifth, and sixth editions. The most important alteration is the addition of a new paragraph in the sixth edition (i. 10, paragraph on property in slaves). In the People's Edition the same year (1865) this twelfth paragraph has been accidentally interchanged with the following one (p. 5), to the complete disruption of the reasoning.

A confusion arises between Mill's references to "Laing" (*Travels in Norway, etc.*) and the one reference to "Mr. Samuel Laing" (ii. Bk. iv. 7, § 5, par. 3). The traveller, the elder Samuel, (d. 1868), was the father of the latter (d. 1897), the Finance Minister in India, Chairman of the Brighton Railway, M.P. and author.

The eighth and ninth edition are reprints of the seventh edition. Both of them have a misprint (ii. 143, line 9) of "ribbon" for "linen." As it comes in the midst of the great chapter on "International Trade," Bk. iii. ch. xviii. § 7, par. 3, it plays havoc with one of the illustrations and reduces the argument to nonsense. There is nothing to give a hint of the mistake, which can only be corrected by collating the passage with the other editions, revised by Mill himself, none of which have anything but "linen." The passage first appears in the third edition (ii. 141), where the argument is important.

There is also a singular addition made without any known authority in the eighth and ninth editions, published respectively seven and fifteen years after Mill's death. In Bk. v. ch. ix. § 7, par. 6, the French law of partnership is discussed. The first sentence shows in what it is superior to the English one, followed by, "In other respects the French system is far worse than the English." Someone has caused it to be altered in the first person, as if by Mill himself, and it now stands, "In other respects the French system [was, and I believe, still] is, far worse than the English." We have put the interpolated words in brackets. (ii. 519, line 6.)

It may be noted here that an extraordinary misquotation of James Mill's *Elements of Political Economy* occurs in ch. 17 of the eighth and ninth editions. Mill's father (James Mill), writing on "Foreign Trade" (first edition, 1821, p. 86, line 1), said, "*In these circumstances no exchange would take place.*" This is correctly given in the first seven editions of Mill's own book (where he refers to his father's book in its third edition, p. 120), but in the eighth (1878) and ninth (1886) it is altered into "In the circumstances, no change would take place." (The italics

are ours.) The argument is destroyed and an entire mis-statement is placed on record !

About 1891 a very misleading edition of Mill's work was published with a preface by Sir John Lubbock (now Lord Avebury), as one of the Hundred Best Books he had recommended. He said that he left the publisher to choose the edition, and he certainly could not have known the second was the one selected ; it happened to be at that date the latest of which the copyright had expired. But it is full of errors, which Mill himself altered in the third edition, and some of the most important parts of his work, as completed in the seventh edition, had not then been written. This valueless reprint must have caused much mischief amongst the believers in " best books." Its type is bad and too closely printed, without margin.

We shall now examine the second edition and note some of the chief changes in the third edition.

In the second edition (1849), Mill enlarges upon Socialists in the chapter " Of Property " (Bk. ii., ch. i., p. 250). He had previously criticised Communism as a system of society " in which no one could by his own exertions improve his condition." So now he says (i. 265), " Far, however, from looking upon the various classes of Socialists with any approach to disrespect, I honour the intentions of almost all who are publicly known in that character." He adds a note to the chapter " Of Slavery." (i. 309) to say that Denmark and France had given it up, and continues, " Still more recently the progress of the American mind towards a determination to rid itself of this odious stain has been manifested by very gratifying symptoms." This passage—second edition, 1849—has been actually reprinted in the Best Book Series with the date of 1891 on the title-page ! The footnote referring to " the distress *lately* complained of in Belgium," first appears in the second edition, 1849, but the sentence remains intact even up to the ninth edition (1886, i. 338). Mill's careless references are extremely mystifying to the modern reader.

By 1852 came the third edition. It has a new long preface saying that several chapters had been " either materially added to or entirely re-cast." They related to Ireland (" Means of Abolishing Cottier Tenancy "); a large addition to " International Values "; the chapter " Of Property " mostly re-written, to give enlarged accounts of Socialism ; and additions to " Futurity of the Labouring Classes."

It will be necessary to compare the second and third editions with some detail, owing to the truly remarkable omissions as well

as the still more important additions, most of which were retained to the ninth, though sometimes modified. They show the effects of the wars and revolutions of 1848-9, and of the gold discoveries in California in 1851.

Second edition, Bk. i. 5. § 9 (i. 99). "This *truth*, that purchasing produce is not employing labour." In third edition, "This *theorem*," &c.; retained to ninth. Par. 3 is re-written. Second edition, "The demand for labour is constituted solely by the funds directly set apart for the use of labourers," is omitted in third edition. The second edition has three new, vivid, and picturesque pages, illustrating the use and misuse of Capital (i. 102-4) in which the owners of capital are called A and B. In third edition they are turned into a long footnote, retained as such to ninth edition.

Second edition, Bk. i. 7, § 4. par. 3 (i. 131), "machinery has done little of importance," as to agriculture (1849). In third edition (1852) this is altered into, "machinery is only now beginning to show that it can do anything of importance" in regard to agriculture. In § 6, referring to the law of debtors, second edition (i. 139), Mill says, "Of late, indeed, law has thrown a part of its weight into the other scale, by a course of legislation on the subject of insolvent debtors, which is almost a direct encouragement to repudiation of engagements." This passage is omitted in third edition.

Second edition, Bk. i. 9, § 4, par. 3 (i. 179), (on large and small farming) is contradicted by this footnote in the third edition (i. 179), "The observations in the text may hereafter require some degree of modification from inventions such as the steam-plough and the reaping machine. The effect, however, of these improvements, on the relative advantages of large and small farms, will depend not on the efficiency of the instruments, but on their costliness. I see no reason to expect that this will be such as to make them inaccessible to small farmers, or combinations of small farmers." For many years past there has been a regular trade of hiring out these expensive machines to farmers of all kinds, which is a different way to Mill's expectation.

Second edition, Bk. i. 13, § 3, par. 7 (i. 239) begins, "Whether the repeal of the corn laws is likely, even temporarily, to give any considerable increase of margin for population to fill up, it would be premature as yet to attempt to decide." These words, with a few similar lines, are omitted in third edition.

Second edition, Bk. ii. 1, § 2, par. 4 (i. 249). Mill's views "Of Property" suffer some change between 1849 and 1852. Here is

a specimen. "This attention is not likely to diminish; attacks on the institution of property being, in the existing state of human intellect, a natural expression of the discontent of all those classes on whom, in whatever manner, the present constitution of society bears hardly; and it is a safe prediction that unless the progress of the human mind can be checked, such speculations will never cease, until the laws of property are freed from whatever portion of injustice they contain, and until whatever is well grounded in the opinions, and legitimate in the aims of its assailants, is adopted into the framework of society." In third edition, after "diminish," there are merely the words, "but to increase more and more," without any hope held out about "the framework of society."

Second edition. In § 3 of the same chapter he naïvely observes: "That a country of any large extent could be formed into a single co-operative society is not easily conceivable." But he thought there might be small socialistic communities all over a country, with a Congress to manage them! Mill forgets that even a Congress is but formed of human beings, and this would be a task only fit for magicians. This paragraph is re-written in third edition, much as it now stands in the ninth. His distinction between Communism "a word of Continental origin, only of late introduced into this country," and Socialism, "a word which originated among the English Communists . . . is now on the Continent employed in a larger sense," first appears in second edition (i. 250), and is retained to ninth.

Second edition, Bk. ii. 2, § 1 (i. 268). Mill's well known passage, "Competition is often spoken of as if it were necessarily a cause of misery and degradation to the labouring class; as if high wages were not precisely as much a product of competition as low wages," begins in this second edition. In third edition the phrase "unearned advantage" (now called "unearned increment") is first used (i. 265, lines 15-16).

In § 3 of this chapter, Mill makes the strange suggestion that fighting in warfare is always on the co-operative system—apparently forgetting the existence of any general—and he considers its circumstances "stirring and stimulating to the feelings and faculties." This shows the book was written during what was called England's Forty Years' Peace (1815-1853), when war was admired in theory as much as peace is now. This is omitted in third edition.

Second edition, Bk. ii. 4, § 1 (i. 295). "Only through the principle of competition has political economy any pretension to

the character of a science . . . [it] cannot be required to do anything more." In third edition (i. 292) these words are added, "and indeed cannot do," before "anything more." A very distinct assertion as to its powers; retained to ninth edition.

Second edition, Bk. ii. 7, § 2, par. 1 (i. 345). If peasant properties bring anxieties, Mill thinks they make the owners superior to an English labourer; "unless he has access to . . . parish-pay. . . . Then indeed he may feel with the old doggerel,"

"Hang sorrow, cast away care,
The parish is bound to find us."

This couplet is omitted in third edition, in spite of its lively air of conviction!

Mill wrote much about Ireland in first and second editions. Two chapters are devoted to Cottiers.

Second edition, Bk. ii. 9, § 1 (i. 383). A footnote says this chapter ("Of Cottiers") was written when "the great change in the agricultural economy of Ireland, which must necessarily arise from the joint operation of the potato failure and the poor law of 1847, had not yet begun to take effect. The form which the industrial system of Ireland is tending to assume, remains still in such uncertainty that no speculations grounded on it can at present be hazarded with any prospect of advantage." This is omitted in third edition.

Second edition, Bk. ii. 10, § 1 (i. 396) the chapter on "Means of Abolishing Cottier Tenancy." Perhaps the most startling "means" is in par. 3. "Cottiers, therefore, must cease to be. Nothing can be done for Ireland without transforming her rural population from cottier tenants into something else. But into what?" Whilst this was being written in 1849, Irish emigration to America had begun, and this outburst is omitted in third edition, where Mill is naturally astonished at the "spontaneous emigration," which made millions of cottiers "cease to be," at least in Ireland, without his having to arrange what to do with them. His disapproval of the suggestion that Irish cottiers should be turned into day-labourers, first appears in the third edition (i. 399) retained to ninth edition.

In § 5 of the same chapter, the phrase "tenant-right" is explained thus: (second edition, i. 406.) "Under this equivocal phrase, two things are confounded. What it commonly stands for in Irish discussion, is the Ulster practice, which is in fact fixity of tenure. . . . But to convert this customary limitation of rent into a legal one, and to make it universal, would be to establish a fixity of tenure by law, the objections to which have already been

stated." "The same appellation (tenant-right) has of late years been applied, more particularly in England, to something altogether different that on the expiration of a lease the landlord should make compensation to the tenant for 'unexhausted improvements.' " All this is omitted in third edition. Instead, he condemns the Tenant Right League. He says that if this [fixity of tenure] were done by Act of Parliament it would be a "complete expropriation of the higher classes of Ireland" (third edition, i. 463), which he does not altogether approve of, except in an extremity. Nor does he think it desirable there should be none but peasant proprietors in Ireland. Mill, in second edition, is vehement about the "wretched attempts as yet made to do good to Ireland," but by 1852 these remarks were already out of date, and they are omitted in third edition.

Second edition, Bk. ii. 11, § 1, par. 2 (i. 417). All par. 2 is altered in important points. "A custom on the subject [of wages], even if established, could not easily maintain itself unaltered in any other than a stationary state of society. An increase or a falling off in the demand for labour, an increase or a diminution of the labouring population, could hardly fail to engender a competition which would break down any custom respecting wages, by giving either to one side or to the other a strong direct interest in infringing it." This is omitted in third edition, which only retains an introductory line, "Wages, like other things, may be regulated either by competition or by custom."

Second edition, Bk. ii., 11. § 6, par. 4 (i. 438) the words, "means of subsistence," gives place in third edition (i. 430) to the celebrated phrase "the wages-fund," retained to ninth edition. The modern discovery that there is no wages-fund, was never actually grasped by Mill, though he did not latterly so strongly assert its existence.

Second edition, Bk. ii. 13, § 4, par. 2 (i. 466). Mill again refers to the Irish, and he makes the erroneous statement that they "are nearly the worst adapted people in Europe for settlers in the wilderness." This is omitted in third edition, as by 1852 facts had proved too strong for his theories!

Second edition, Bk. ii. 14, § 6 (i. 489). Mill's view that restriction of work even by trades' unions is good—in 1849—he throws over in 1852. Also he leaves out the passage (i. 490) against Irish immigrants to England.

Second edition, Bk. ii. 16, § 5, par. 3 (i. 522) is re-written in third edition (i. 514). It is about rent in relation to capital sunk

in improvements. The third edition includes the first mention of the way Bastiat uses Mr. H. C. Carey's book in defence of property in land (i. 514); retained to ninth edition.

Second edition, Bk. iii. 1, § 1, par. 1 (i. 532). The following passage, though retained in the third edition, has a striking alteration in the words here placed in square brackets. "It is a case of the error too common in political economy, of not distinguishing between necessities arising from [laws of nature], and those created by social arrangements." In third edition (i. 524) these words replace them: "the nature of things."

Second edition, Bk. iii. 9, § 3, par. 1 (ii. 29). "If the cost of production of gold were reduced one-fourth [by the discovery of more fertile mines,] it might happen that there might not be more of it bought for plate." The unexpected gold discoveries in California, 1851, caused the words in square brackets to be omitted in third edition.

Second edition, Bk. iii. 15, § 2, par. 2 (ii. 103). "There is no commodity which is invariable in its cost of production. Gold comes nearest to the idea; but gold is liable to vary in cost of production," etc. In third edition (ii. 102) Mill says: "Gold and silver are the least variable," &c., but gives no reason for including silver. Retained to ninth.

Second edition. A great change in third edition is the addition of five new pages and a long footnote to Bk. iii. 18. The first five sections are retained, the new pages form § 6, § 7, § 8 of the third edition, while § 6 of the second edition is used as § 9 of the third edition, and closes this celebrated chapter "On International Values," as it did in the earlier editions. This arrangement is retained to ninth edition. The third edition, § 6 (ii. 138) begins, "Thus far had the theory of international values been carried in the first and second editions of this work. But intelligent criticisms, and subsequent further investigation, have shown that the doctrine stated in the preceding pages, though correct as far as it goes, is not yet the complete theory of the subject matter." This is retained in fourth edition (1857) and fifth edition (1862), but in the sixth edition (1865) Mill gives a valued name to the "intelligent criticisms (chiefly those of my friend Mr. William Thornton)," and this addition is retained to ninth edition, no reason being given why it should not have been inserted in the third edition.

Second edition, Bk. iv. 1, § 3, par. 2 (ii. 257). "Which of the two conflicting agencies" [increase of population and improvement in agricultural skill] "is gaining upon the other,

might be conjectured with tolerable accuracy from the money price of agricultural produce," etc. Though this passage is retained, it has a corrective in a short new footnote in third edition (ii. 265), which is retained to ninth edition, as follows: "A still better criterion, perhaps, than that suggested in the text, would be the increase or diminution of the amount of the labourer's wages estimated in agricultural produce."

Second edition, Bk. iv. 7 (ii. 315) "On the Probable Futurity of the Labouring Classes," is altered in many parts in third edition, which includes the first reference to a franchise for workmen (i. 327). An indignant footnote is added (ii. 331) urging women's suffrage, beginning: "It is truly disgraceful that in a woman's reign not one step has been made by law towards removing even the smallest portion of the existing injustice to women." It is repeated in fourth edition (ii. 335), 1857, with the addition of reference to "Mr. Fitzroy's Act for the Better Protection of Women and Children against Assaults," as "well-meant though inadequate." But by 1862 the footnote was well out-of-date, and it is omitted in fifth edition.

In this ch. 7 the passages in second edition on the effects of the French Revolution of February, 1848, on the organisation of industry (ii. 326), are omitted in third edition; ten new pages are added about co-operative societies, chiefly French.

Second edition, Bk. v. 1, § 2, par. 4 (ii. 342). With regard to contracts: Mill excuses non-performance by saying, "his mind or his circumstances may have altered; or not even that, since the omission to perform may be a mere act of negligence." In the third edition he omits the passage in order to insert a stronger one in the same direction (ii. 358), "and the term fraud, which can scarcely admit of being extended even to the case of voluntary breach of contract when no deception was practised, is certainly not applicable when the omission to perform it is a case of negligence." This dictum is retained to the ninth edition.

Second edition, Bk. v. 2, § 3, par. 3 (ii. 354), its last four lines are omitted in third edition (ii. 370) and six new lines, entirely contradictory to second edition are put instead. (This is a not uncommon thing in these two editions. Mill takes for granted no one will notice it!) In par. 5, next page (ii. 355), he says: "It is partial taxation, which is a mild form of robbery." This line is left out in third edition, and the following replaces it (ii. 371): "It is not the fortunes which are earned, but those which are unearned that it is for the public good to place under limitation"—another contradiction! A further quotation will

show Mill's amazing belief that education of the masses will prevent their being jealous! It is on the same page of the second edition (ii. 355). "It is the part of a good government to provide, that, as far as more paramount considerations permit, the inequality of opportunities shall be remedied. When all kinds of useful instruction shall be as accessible as they might be made, and when the cultivated intelligence of the poorer classes, aided so far as necessary by the guidance and co-operation of the state, shall obviate, as it might so well do, the major part of the disabilities attendant on poverty, the inequalities of fortune arising from people's own earnings could not justly give umbrage." In third edition (ii. 371) this is modified as follows: "but if all were done which it would be in the power of a good government to do, by instruction and by legislation to remedy this inequality of opportunities, the difference of fortune . . . umbrage." It is retained to ninth edition in this form, and is very odd reading at the present day.

In the § 4 of the same chapter, second edition (ii. 362) on taxation for profits on business, Mill advises an intermediate rate, one-half of the net income being taxed on the higher scale, and the other half on the lower. But in third edition (ii. 379), he says instead: "Or perhaps the claims of justice in this respect might be sufficiently met by allowing the deduction of a fourth on the entire income, interest included." This is retained to ninth edition.

Second edition, Bk. v. 5, § 2, par. 3 (ii. 416). These lines are omitted in third edition, but are useful as throwing a light upon advertising in 1849. "In this country the amount of the duty is moderate, and the abuse of advertising, which is quite as conspicuous as the use, renders the abolition of the tax, though right in principle, a matter of less urgency than it might otherwise be deemed."

Second edition, Bk. v. 6, § 1, par. 2 (ii. 421), "it may be doubted if so great an aversion to taxation would not produce more evil than good." This is changed in third edition (ii. 437), "it may be doubted . . . taxation might not be an unqualified good." The latter form is retained to ninth edition.

Second edition, Bk. v. 9, § 7, par. 6 (ii. 471): "A company with limited responsibility cannot be formed" in France without leave from the *Conseil d'État*. In third edition (ii. 489), it is altered to "A joint-stock company," etc.

Second edition, Bk. v. 10, § 5, par. 5 (ii. 503): Mill's change of opinion on combinations is worth noting. "Combinations to

keep up wages are therefore not only permissible but useful, whenever really calculated to have that effect." In third edition (ii. 521) this passage is replaced by the following: "Combinations to keep up wages are seldom effectual, and when effectual, are, for the reasons which I have assigned, seldom desirable."

Second edition, Bk. v. 11, § 12, par. 2 (ii. 536): "Another example of the same principle [and one of great practical moment] is afforded by what is known as the Wakefield system of colonisation." The words placed in brackets are omitted in third edition, the rest is retained to ninth edition.

In § 14 of the same chapter there is a new paragraph in third edition (ii. 566) in which Mill again refers to the "unparalleled amount of spontaneous emigration from Ireland." He is not satisfied with its direction, but advises Government to "direct" it "to Australia," or where required, and where it does not go enough of itself. This was in 1852, when America was the only place the Irish could get at. Australia was far behind in the race for emigrants at that date.

In fourth edition (1857) he says the stream of emigration is already slackening, and government aid "on the self-supporting principle is again becoming necessary." In fifth edition (1862) he refers to emigration to "the seats of gold discoveries" (unnamed seats, too) as already slackening. In sixth edition (1865) he says the emigration from Ireland "has since partially revived," and here he seems to lose his interest in Ireland, for the passage remains in seventh edition (1871), and of course, therefore, in eighth edition (1878) and ninth edition (1886) where it becomes absolutely unmeaning through want of any date.

Bk. v. Chapter 11 completes Mill's book.

We have now made it clear that the third edition has much in common with the seventh, and it remains to point out the chief additions in the other editions, which are indicated in the Prefaces.

The Preface to the first edition (1848) is repeated in all the others, with a different special addition to each.

To the fourth edition (1857) a few lines of special Preface explain that it has been revised, and "additional explanations inserted," especially in the chapters "On the Influence of Credit on Prices" (Bk. iii. 12), and "On the Regulation of a Convertible Paper Currency" (Bk. iii. 13).

The fifth edition (1862) has a few lines added after a dividing line from the invariable reprint of the Preface to the first edition.

Mill says he has brought up the facts to a later date, and added "additional arguments and illustrations."

In the Preface to the sixth edition (1865) Mill says he has revised it throughout, "like all previous editions," and added explanations or "answers to new objections" (a significant phrase!) He has altered most the chapter "Of the Rate of Interest" (Bk. iii. 23), "and for most of the new matter there introduced, as well as for many minor improvements, I am indebted to the suggestions and criticisms of my friend Professor Cairnes, one of the most scientific of living political economists."

The seventh edition (1871) has a Preface that is slightly inaccurate. For Mill says this edition "corresponds exactly with the last Library Edition and with the People's Edition." But it does not do so in every detail, being brought up to date in many places and a long passage upon fire-insurance omitted. Bk. v. 5, § 1, par. 6 (ii. 461). He adds that since the sixth edition: "there has been some instructive discussion on the theory of Demand and Supply, and on the influence of Strikes and Trades Unions on wages, by which additional light has been thrown on these subjects; but the results, in the author's opinion, are not yet ripe for incorporation in a general treatise on Political Economy."

This Preface to seventh edition has been added to the Preface to the first edition, and both reprinted in the eighth edition, without any dates to guide the reader that it does *not* refer to 1878 (eighth edition).

In ninth edition the same first and seventh Prefaces are given, but they are placed with their titles, and a footnote to say the Preface of 1871 (seventh edition) was the last in the author's lifetime. We draw attention to this, as it is the only edition in which it appears, and it is not generally known.

There are many vital omissions and additions in the fourth, fifth, sixth, and seventh editions. Yet the third edition forms the chief bulk of the seventh, and therefore its date being 1852, numberless references and observations based on them are lamentably out of date, and become ludicrous by 1886 in the ninth and latest two-volumed edition! Surely the difficulty of Mill's monumental work is needlessly increased by the lack of any hints on the subject? Perhaps these Notes may be of some use in unriddling the unsuspected riddle.

MIRIAM A. ELLIS

REPORT OF THE VAGRANCY COMMITTEE.

THE Vagrancy Committee, appointed by Mr. Walter Long in July, 1904, have issued their report [C^d. 2852].

The final recommendations may be summarised as follows :—

The duty of controlling and dealing with vagrants and casuals in future to be placed in the hands of the police, and the present casual wards handed over to and controlled by the police authorities.

Tickets should be issued by the police to persons who are in search of work, the ticket to be for a definite route and available only for a month, the police having power to alter the route if satisfied that such a course is necessary. Holders of such tickets to be able to leave the casual wards early in the morning, carrying with them bread and cheese for a midday meal.

A kind of labour bureau, with information as to work in each district, to be kept at casual wards for the inspection of work-seekers.

Alteration of the law so that offenders under the Vagrancy laws, instead of being sentenced to fourteen days, should in future be sentenced to one day's imprisonment and the conviction recorded. Habitual vagrants, however, *i.e.*, persons who have been convicted more than three times, to be sent to labour colonies for detention for not less than six months or more than three years.

The establishment of labour colonies for habitual vagrants to be certified by the Secretary of State, and such colonies to be established by Councils of Counties, County Boroughs, or by other Councils or by philanthropic bodies. Exchequer grants to be allocated for cost of maintenance, etc., and inmates to have the power to earn small sums of money by their work, and, by means of canteens, to supplement their food allowance. Discharge before conclusion of sentence to be allowed on certain conditions. Industrial, as well as agricultural, work to be carried on. Lodging-houses outside London to be licensed annually by the local authority.

Shelters established by philanthropic agencies to be licensed and regulated by local authorities, and free food distribution to be subject to veto of the same authorities. Sleeping out to be treated as a crime whenever it takes place in buildings or on enclosed premises, or is a danger or nuisance.

Women not to be taken into the casual wards, but into the workhouse.

Children of persons treated as vagrants (habitual), *i.e.*, children of persons detained on a labour colony, to be sent to industrial schools and other places of safety.

The conclusion of the report contains various statements as to the opinions of the Committee on the general question, and it seems that they have had in their mind, all the time, the opinion that vagrancy has not ceased to exist in England because vagrants, instead of being treated as criminals, have been allowed the comfortable and generous treatment of the casual ward.

One cannot but regret that the Committee should have taken it for granted that a large number of the people whose condition they were inquiring into were hopeless cases, and should therefore be treated in a more or less penal manner. For right at the outset, their recommendations appear to have been based on the assumption that this kind of poverty is really a crime, for which the individual, and not Society, is responsible.

Take their first recommendation. The cardinal principle on which this, and, in fact, all their other recommendations are based is that, in future, a vagrant or a casual worker, *i.e.*, the workman who leaves his home to tramp from one end of the country to the other in search of work, is to be ticketed and registered, assisted and helped, not by voluntary charity, or the Poor Law, but by the police authorities of the various counties through which he is tramping. Why this should be so is difficult to understand, and any special excellence possessed by the police for dealing with the unemployed has yet to be brought to light. The proposal that the casual docker, tramping from Liverpool, round the coast to Hull, should be obliged to register himself at the various police stations on his way, and should be treated as a semi-criminal, only helps to show what was the predominating thought in the mind of the Committee when they framed their recommendations, namely, that this special kind of poverty was a crime only to be adequately dealt with by the police. The bias of the Committee is still further shown in their criticisms on the present prison dietary scales and general conditions; and Captain Eardley-Wilmot, who is an authority on the question, is prominent in dissociating himself from the rest of the Committee on the criticisms passed on the treatment of short-time prisoners, etc.

Many of their recommendations for dealing with the vagrant are, no doubt, both wise and excellent. But apart from the fact that by handing over the vagrant to the police you are putting him on the same level as the ordinary run of criminals, there

are very great administrative objections to be urged against setting up the police as relieving authorities. Taking the metropolitan area, we find that at present there are relief authorities for all kinds of destitution and poverty. There is, of course, the Poor Law. There is also the care of lunatics by the County Council, and there is the care of imbeciles by the Metropolitan Asylums Board; while the unemployed come under the care of the Distress Committees and the Central Body. On top of all this, it is now proposed to bring in the Metropolitan Police as a relieving agency, not only for the vagrant, but for the casual worker who may be tramping from one end of the metropolis to the other. Recent experience is teaching us the need for bringing under one head the whole of the relief administration, not only in the metropolis, but throughout the kingdom. Surely if there are to be Distress Committees, or if there is to be any authority apart from the Poor Law, for dealing with people out of work, that authority should be the one for carrying out the suggestions made by the Committee with reference to the casual! Opinion in London seems to be growing toward the view that the London County Council, strengthened, it may be, by the addition of one or two members for each division and covering the metropolitan police area, should be given the entire control of the relief agencies at present administered by public bodies, and should organise centrally the relief of the poor generally, in which would be included vagrants and casuals. Failing this, there appears to be no rational method for co-ordinating relief but the establishment of a directly elective authority covering the whole of the metropolitan police area. This authority would take over the duties now entrusted to the M.A.B., the Central Unemployed Body, and the whole of the general relief work of the district.

There are, of course, objections to both of these proposals, but they are quite insignificant compared with those to be raised against adding one more to the already numerous relief bodies.

In other urban centres the town council or district council should carry out the work, and in purely rural districts the county council.

When we come to the working proposals of the Committee, some of them are most excellent. The proposal to give the workman in search of work—and there are thousands of them passing through the casual wards—tickets, by which he can obtain food and rest on the road, has been advocated for years; and it is a good sign that a Committee such as this should come forward and recommend it. It is also a good sign that such a Committee

should have advocated the establishment of labour colonies. But even in this matter the bias of the Committee stands out very clearly. Instead of making their colony an agency for regeneration, they are only too anxious that it should be repressive. For instance, the dietary scale is to be a most moderate one. They tell us, with some degree of pardonable pride, that whereas it costs 4*s.* 6*d.* to 7*s.* per week in some labour colonies in England to maintain an inmate, they are prepared to recommend a dietary scale which will only cost about 1*s.* 6*d.* per head per week.

The dietary table is set out below :—

Breakfast and supper :—

Bread, 8oz. ; cocoa—made with cocoa husk—1 pint.

Dinner for a week :—

Two days—bread, 8oz. ; pea (or lentil) soup, 1 pint.

„ „ 6oz. ; cheese, 2oz. ; potatoes, cooked, 6oz.

„ „ 2oz. ; broth, 1 pint ; suet puddings, 12oz.

One day—bread, 8oz. ; stew, 1 pint.

Salt for table : 1 oz. per 5 men daily.

This dietary table may or may not be sufficient for subsistence ; perhaps, even, a man might be kept alive on less. But although an inmate is to be allowed to spend his or her earnings on food, it seems to be open to strong objection to lay down a rigorous dietary table such as this, simply because a man or a woman may have become an habitual vagrant, for is it not likely that many will have lost strength and physique, and therefore be unable to earn by work extra food. The same may be said of the three years' detention scheme. If, after the three years are expired, the detained one is to be turned out, only to return after a short period of liberty, it does not seem that a labour colony of this kind is going to do very much good.

The arrangements for dealing with women are an advance on anything we have at present ; and, of course, it is the correct thing to take charge of the children ; but why the latter should be sent to industrial schools is difficult to see. To-day we use industrial schools for the detention of children who have been guilty of some wrong-doing. Why the child of a tramp should be punished for the supposed sin of its parents is only explained by again referring to the bias of the Committee.

The recommendations of the Committee should be modified. In the first place, no new authority for dealing with vagrants, casuals, &c., should be set up. But to whatever body the relief of the destitute is entrusted, to that authority should be entrusted

the duty of providing for the casual, the vagrant, and the ne'er-do-well. No labour colony, established for this purpose, should be governed by penal laws. Is it not time we recognised that a more excellent way must prevail? The labour colony must be a place where a man need only remain during such time as he is being taught what discipline means and what training can do; where the best means of Society will be utilised in order to stir up in him that portion of goodness which is in him as in us; and where, at the end of his training, instead of being pitchforked out into the world once again merely to take his chance, some place, some corner may be found for him, where he can really and truly make a new start.

GEORGE LIANSBURY

RECENT OFFICIAL PUBLICATIONS.

Census of the British Empire, 1901. [C^d. 2660.]

REPORT with summary and detailed tables for the several colonies, &c., area, houses, and population; also population classified by ages, condition as to marriage, occupations, birthplaces, religious degrees of education, and infirmities.

Report on . . . Feeding of Children attending Public Elementary Schools. Vol. I. [C^d. 2779], Vol. II. [C^d. 2784].

Feeding of School Children in Continental and American Cities.
[C^d. 2926.]

BULLETIN No. 2 (1906), issued by the Department of Agriculture for Ireland, gives particulars as to Agricultural Co-operation in Germany.

THE Bulletin of the Bureau of Labour (Washington) for January, 1906, deals with municipal ownership [and industries] in Great Britain. The Bulletin for March continues the Bureau's index-number for wholesale prices.

OBITUARY.

EDWARD ATKINSON.

ON December 11th, 1905, Edward Atkinson, economist, publicist, and man of affairs, died at his home at Brookline, Massachusetts, at the age of seventy-eight. Mr. Atkinson was born in Brookline on February 10th, 1827, and spent the greater part of his life there and in Boston, actively engaged in business. From 1878 until his death he was president of the Boston Manufacturers' Mutual Fire Insurance Company, an association which he helped to found, and which owed much of its success to his energy and ability. Although without a college education, Mr. Atkinson had what is even more important, keen intellectual curiosity and the ambition to contribute to the solution of the great economic and political questions of his day. The list of his published writings and addresses appended to this sketch will serve to indicate the breadth of his interests, and to explain why, although not a college man, he was welcomed to honorary membership in the Harvard Chapter of Phi Beta Kappa, and accorded the Ph.D. and LL.D. degrees by other American universities.

As an economist Mr. Atkinson's chief contributions were to the literature dealing with practical questions. His writings display a happy combination of sound judgment and wide familiarity with economic facts. Thus, although himself interested at the time in a protected industry, he was one of the first among New England manufacturers to raise his voice in favour of free trade. He was fond of meeting the argument that protection is necessary to the building up of young industries by pointing out how in the newer portions of the United States manufacturing industries grew up as soon as economic conditions were favourable to them, although exposed from the start to the full competition of the same industries well established in the older sections. Of even more importance than his opposition to the extravagant extension of the protective policy which has occurred in the United States was his contribution to the economics of food utilisation. The "Aladdin oven" which he invented, and the work on "The Science of Nutrition," which he wrote as a manual to accompany it, served to attract attention to the possibilities of increased well-being through improved cooking at a time when indigestion threatened to become the characteristic American ailment. All who were privileged to partake of the products of his wonderful oven bear

witness to the practical value of his invention in this field. The last and in many ways the most characteristic chapter in his life of devotion to what he conceived to be the public good was his championing of the cause that has been known in the United States, as in Europe, as "anti-imperialism." When the discussion as to the policy which the United States should pursue towards the recently acquired Philippine Islands was at its height, Mr. Atkinson, although then in his seventy-third year, promptly placed his pen and his ability as an organiser at the disposal of the party opposed to the policy of the Government. The magazine, the *Anti-Imperialist*, which he started in the summer of 1899, soon attained a circulation of upwards of 100,000 copies, and was not without influence in impressing a sobering second thought upon those charged with directing the policy of the nation. The independence, fearlessness, and contempt for his personal ease which he displayed on this occasion will cause him to be remembered as a true patriot even by those who considered his cause mistaken.

An incomplete list of the published writings of Mr. Atkinson follows :—

" Cheap Cotton by Free Labor " (1861); " The Collection of Revenue " (1866); " Argument for the Conditional Reform of the Legal Tender Act " (1874); " Our National Domain " (1879); " Labor and Capital: Allies not Enemies " (1880); " The Fire-Engineer, the Architect, and the Underwriter " (1880); " The Distribution of Products " (1885); " Bimetallism in Europe " (1887); " The Industrial Progress of the Nation " (1890); " The Margin of Profits " (1887); " Taxation and Work " (1892); " The Science of Nutrition " (1896); " Consumption Limited, Production Unlimited " (1889); *The Anti-Imperialist* (1899); " Prevention of Loss by Fire " (1900); " The True Policy of Protection " (1904); " Facts and Figures the Basis of Economic Science " (1904).

HENRY R. SEAGER

RUDOLPH AUSPITZ.

RUDOLPH AUSPITZ, who died at Vienna on March the 8th, was a very interesting personality, both in politics and in science. He was born in 1837, attended the Technical High School at Vienna, and occupied himself afterwards with studies in physics and the higher mathematics at Berlin and Paris. Later on Auspitz founded a sugar manufactory in Moravia. From 1871 to 1900 he was a member of the " Landtag " of Moravia, and from 1873

to 1890 and 1892 to 1903 of the "Reichsrat" as well. The energy and talent which he displayed in the political discussions, especially those relating to economic subjects, gave him a remarkable position among the Liberal party, to which he adhered with invariable fidelity.

In many cases his initiative or his powerful participation influenced the attitude of the legislative bodies. Mr. Auspitz's favourite domain was in the problems of taxation, and here he often obtained important successes. The present laws concerning the taxation of sugar, and the great reform of direct taxation, which passed in 1896, are partially his work. Minor suggestions by him that have had some practical influence are almost innumerable. Agreeably to his general political opinions he was a strong free trader, and combated the protectionistic tendency, which commenced after 1870, although his own interest, as a sugar producer, would have placed him on the protectionist side. It is, generally, a characteristic point, which deserves to be noted, that during his whole political life he was not only completely free from any personal aspiration, but also from class interest. On the contrary, he had the warmest social sympathies, and was always ready to abandon capitalistic interest if public welfare seemed to him to demand it. Thus he was a supporter of the progressive taxation of income and an opponent to indirect taxation. Thus, too, he remained out of the sugar-cartel. But as he could not avoid deriving profit from the measures of the sugar-trust the prices being practically dependent upon the policy of the trust (and always regulated so that the profits are supernormal), he decided to devote this extra profit, due to the action of the trust, to a benevolent purpose, and paid year by year this sum to the pension fund of the clerks of the sugar industry. This was not made known to the public, but on the occasion of his death the president of the association of persons employed in the sugar industry stated the fact.

As a theorist in economics, Mr. Auspitz unquestionably occupied a high rank. He brought to the study of theory a mind trained in the processes of mathematical analysis and a large acquaintance with the principles of natural science. Together with Mr. Richard Lieben, to whom he owed his first stimulus to theoretical research, he worked—though preoccupied by politics and business—ten years at the "*Untersuchungen über die Theorie des Preises*," published in 1889. In Germany, the historical school and the practical discussion of political and social questions nearly excluding any other line of investigation, the success of the book was but small. Abroad, however, especially in England, the work

has found a wider public. It is undoubtedly one of the ablest works of the mathematical school of Economists. The authors adopted a system of co-ordinates different from those of most of their predecessors, discussed carefully the suppositions, which are necessary in order to permit this mode of representation, and made some very valuable applications of it. They adopted the modern theory of value and ranged themselves among the so-called "Austrian economists," but there are some differences from the statement of Menger and his followers. Mr. Auspitz has, in an article published 1890, stated his standpoint in the much controverted question of value in much the same manner as Professors Marshall and Edgeworth have done. He held that the modern theory of value is a completion and partial correction, but not a destruction, of Ricardo's views. From this standpoint follows the fundamental parallelism between production and consumption, the symmetry between supply and demand. The authors start from the proposition, which underlies the whole work, that the price must be equal to the utility of the last portion purchased and also to the cost of the last portion produced. The geometrical statement of this leads to the notion of the consumer's and the producer's rent and to the representation of the gain of the community. The development, discussion and application of these views are carried with great care and ability to many interesting results. This may suffice to characterise shortly the aims and merits of this work. The shares in the joint work cannot be distinguished, but it may be said that the analytical treatment is principally Mr. Auspitz's work, while the system of curves is rather due to Mr. Lieben. It is to be hoped that in the future the book will be read and appreciated more than it has been hitherto.

J. SCHUMPETER

FEDELE LAMPERTICO.

WITH the passing away, on April 7th, of Fedele Lampertico, the scientific world of Italy loses one of its most characteristic figures. In these latter days he may have seemed to suffer eclipse, and many had no doubt indeed forgotten him. But in a former generation he shone with great brilliance and exercised a signal influence on the progress of higher studies. Born at Vincenza, June 13th, 1833, in a family belonging to the Venetian aristocracy, which still maintains a high standard of scientific and literary culture, he acquired a vast store of knowledge in history and economics, philosophy and biology, jurisprudence and

literature, in the strength of which he was able without delay to enter on public life in his city and his province. Dedicating himself with special ardour to political economy he published that excellent work on *Gianmaria Ortes e la Scienza Economica al suo Tempo* (Venezia, 1865), in which he expounded with great clearness the deep and abstruse doctrines of the greatest and most original economist of Italy. He then gave to the world a book on *Statistica in generale e su Melchiorre Gioia in particolare* (IIId. ed., Roma, 1879), containing a discussion of the burning questions raised by the discovery of statistical uniformities. But the movement in Italian thought and the progress of his own studies drew him swiftly away from the modest function of commentator or illustrator of other men's doctrines, as he appears in these writings, and lifted him to the position of making original affirmations and doing battle for the same. He was repelled, like the rest of the best intellects of the Peninsula, by systematically optimistic theories, such as those proclaimed, and maintained with a wonderful power of intellect and language, by Ferrara. With Luzzatti and Scialoja he called a congress of Italian economists at Milan in 1875, and there for the first time affirmed the necessity of restoring, in political economy, a strict and impartial scientific method, testing the more positive doctrines of the classical school with the latest conclusions of German criticism. Lampertico in particular set himself to systematise the new, or renewed, scientific tendency, and started the publication of a voluminous treatise of political economy, *Economia dei Popoli e degli Stati*. Between 1874 and 1884 he issued one introductory volume and four other volumes in succession, treating respectively of the production (*Il Lavoro*), of the distribution (*La Proprietà*), and of the circulation (*Il Commercio, il Credito*) of wealth. The two volumes which should have dealt with population and finance were never published. Those which did appear combine to give a very exact delineation of the intellectual profile of the author, and of the position which he has come to occupy between the different schools of economics. Lampertico, who is in fact a loyal disciple of the classic English school of Adam Smith and of Cairnes, constantly incurred the censure poured on that school by the present economic vogue of Wagner and Schäffle, and all the "Socialists of the Chair." And yet his tendencies would seem to render him liable to certain of the criticisms fastened on Socialism proper, especially that of Marx, inasmuch as he judges it necessary that the State should intervene to make provision, even though he softens the crudest asym-

metrics and the more trying defects in proportion of those theories. The fact that he insists on the existence of natural economic laws does not exempt him from this imputation. Economic laws, according to Lampertico, are "law-limits" (*leggi-limité*); they attain their fullest meaning only in the anti-social and fictitious hypothesis of absolute individual egoism, unchecked by positive law, by morality and by custom. And they may be regulated and circumscribed through the intervention of these remedial agencies.

With the fifth volume of his great work, published in 1884, Lampertico's activity in the field of economic science came to an end, unless we except a brief biographical notice on the economist Luigi Molinari Valeriani (1903), and a note contributed to the album of Adolf Wagner's jubilee (1904). He continued, however, to give noteworthy samples of his economic learning in speeches delivered in the Senate, such as that on the customs tariff (1883), on measures for abolishing compulsory *corvée* (1881 and foll.), on property in mines, on banks, etc.

Crowned with honours in his own country, Lampertico received much flattering distinction from other lands. It may suffice to recall the fact that he was an honorary member of the London Statistical Society, and honorary LL.D. of Dublin University. Conservative in religion, in politics, and in economics—notwithstanding his complacency in the "Socialism of the Chair"—he was a foe to all irreconcilable antagonism, and was gifted with a rare equanimity, which rendered him, in the most burning questions, a greatly desired arbitrator, even by men opposed to his views. His judgments were ever the echo of rectitude and of justice; in his soul there sheltered neither wrath nor rancour, but only love of the good and the true. He was, in the fullest meaning of the term, a man of the old school, a worthy son of the generation which gave a Salisbury to England and to Italy a Cavour. Hence it is that the tributes of sorrow over his grave uttered by the ranks of the extreme Right are mingled with tokens, no less sincerely offered, from the extreme Left both of politics and of scholarship. For to the latter the sorrowful thought arises that, in the coming battles for the redemption of humanity, they scarce can hope to find in the forefront of their adversaries one so noble, virtuous, and gifted as was he of whom death has robbed us.

ACHILLE LORIA

ANTON MENDER.

ANTON MENDER, who died at Rome on February 6th, was the youngest of three brothers, Carl, the celebrated economist, and Max, a distinguished member of the Austrian Reichsrath being the other two. Born September 21st, 1841, at Maniow in Galicia, he studied jurisprudence at the University of Vienna, and took his doctor's degree in 1865. While practising as a barrister he received the *venia legendi* for the law of civil procedure. In 1874 he became professor *extraordinarius* of this subject, and in 1877 he succeeded to the Chair, occupying the position till 1899, when he retired on a pension. In that year he was appointed honorary professor of the law of civil procedure and philosophy of law, but he made no use of his right to deliver lectures. His appointment to the professorship of the philosophy of law signifies that he had for a long period taken up work other than that of civil procedure. In point of fact, whereas all his earlier publications dealt with civil procedure, his writings, from 1886 onwards, treated exclusively of subjects relating to social politics. In 1886 appeared "The right to the whole produce of labour," and in 1890 he published a criticism on the Bill of a code of civil law for the German Empire under the title, "The Civil Law and the Non-Propertied Classes." In 1895, as Rector of the Vienna University, he delivered his inaugural address on "The Social Problems of Jurisprudence." His latest publications, which appeared in 1903 and 1905, are entitled "New Theory of the State" ("Neue Staatslehre") and "New Ethics" ("Neue Sittenlehre"). And he has bequeathed to us the completed MS. of a work named "Politics from the People's Point of View" ("Volkspolitik").

The characteristic feature of Anton Menger is the fact that he was at once jurist and Socialist. Before him Socialism had been dealt with only from economic and philanthropic standpoints. Menger considered its juristic aspect. This connection of jurisprudence with Socialism proved especially stimulating to the former science, for Menger was the first to introduce social standpoints into civil law. And the ideas which he put forward most effectively and in attractive style, in his criticism on the Bill of a Code of Civil law for the German Empire, came in part to take shape. The Statute Book of the German Empire, and, in a yet higher degree, two Austrian statutes, that of civil procedure, dating from August 1st, 1895, and that of civil executions, dating from May 27th, 1896, bear in many points traces of Menger's influence. His aims of twenty years ago, which

seemed at the time revolutionary, are to-day accepted as self-evidently desirable.

Two thoughts lie at the foundation of Menger's life-works. As a jurist and philosopher of law he represents the view that the law is only the expression of authority. As a Socialist he puts forward the claim that, in place of the individualistic state which watches over the interests only of a few, there should be the socialistic or democratic labour-state, in which the several interests of the great masses form the leading aim of the State's action. Menger's hope was that the power of the social movement would increase sufficiently to render this realisable. But in considering the factors which would be effective in this shifting of power, he undervalued the influence of economic conditions. Too little prominence is given to these in his discussion in comparison with motions of a juristic and ideal nature. And herein lies unquestionably the chief defect in Menger's theories.

In his "New Theory of the State" he sets out the rights of individuals and of the public according to the socialistic ideal. The fundamental economic right of each individual which the socialistic state aims at ensuring is the right to subsistence, rather than the right to the whole produce of labour. Every member of society must have access to the things and services requisite for leading a life worthy of a human being. And this right is to have prior claim to the satisfying any less essential wants of others. Thus the object to be attained is not complete equality, but only a far-reaching similarity in economic conditions. Even those who reject Menger's fundamental axioms and attach no value to such a juristic Utopia will find much instruction in many of his pertinent disquisitions on law and politics. This holds true also of the "New Ethics." Here Menger develops the idea that to be moral is to adapt oneself to the social authority, and to oppose it is to be immoral. Menger's conclusion, however, that the morality resulting from the sanctions of the socialistic state is superior to that sanctioned by the individualistic state does not seem to me to be warranted. The morality will be *different*, but by no means necessarily *better*.

The importance, then, of Menger's work lies in the introduction of social perspectives into civil law, and in the juristic formulation of socialistic postulates. Even if his ideas had not exercised the great influence on jurisprudence and legislation that they have, he would ever have remained the pattern of a fearless thinker who shrinks from no consequences, of a warm-hearted advocate of the non-property classes, and of a very gifted writer.

VICTOR GRAETZ

CITY NOTES.

WE have received the following City notes from "R. G." :—

The Money Market.—Owing to various causes the money market has been stringent during the past quarter. The renewed prosperity in trade; the issue of considerable loans by several foreign Governments, especially that of Russia; and the chronically inflated condition of the speculative markets in the United States—have all contributed to this result, which culminated in an advance of the Bank of England rate to 4 per cent. early in May. This is in accordance with the general tendencies in the money market for some time past, to which reference has often been made in these notes. In addition, there was an auxiliary cause of a special kind which had a considerable temporary effect—the earthquake in San Francisco! The destruction of the great city put out of gear a certain part of the economic and banking machinery of the United States. A large number of banks and banking branches were necessarily shut up for days and even weeks; a kind of panic affected some others which were able to remain open; and there was naturally a great demand for deposits and for banking accommodation on the banks nearest to San Francisco, as well as on the banks in New York, Chicago, and other reserve centres in the United States. The resulting strain for a short period was considerable, and a certain movement of gold from Europe to the United States was the consequence. So close and direct was the connection between an apparently so remote a cause as an earthquake and the stringency of European money markets. But for the peculiar condition of these markets at the moment the effect might not have been so great, but the money market mechanism is always delicate, and in no circumstances probably would an event like the San Francisco earthquake fail to have a great effect, with a possibility of general panic always on the cards.

Bank Reserves.—These events have led to a continuation of the discussions on bank reserves, on which little more need be said at present. The position of Lombard Street and of European money markets generally, all depending on the one reserve of the Bank of England, is always superficially most critical and dangerous, but in fact credit is maintained, partly,

there is no doubt, on account of the very delicacy and sensitiveness of the barometer, which compels all concerned to study the warnings closely and take action in time.

Consols.—The stringency of the money market has been reflected in Consols, which refuse to rise, notwithstanding the anxious pleadings on all sides that a rise ought to come, now that Government has changed its policy somewhat and is really making large appropriations for the reduction of debt. It is as well to repeat, therefore, what has been so often urged in these notes, that the price of Consols necessarily reflects more the general conditions of the money market and the markets for securities, than it does the special condition of the English Government's arrangements for dealing with the debt itself. Consols are only a portion of a vast mass of securities which rise or fall in value simultaneously while preserving a ratio to each other that varies over long periods but does not vary very greatly from moment to moment. When any cause operates, therefore, on one portion of this vast mass, either for improvement or the reverse, the effect is masked, as regards this one portion, say Consols, by the magnitude of the whole mass over which the effect is distributed. Thus it may be quite true that there is now an increased appropriation for reduction of Government debt in England as compared with what was the case a few years ago, but for the moment the market is mainly affected by Russian, German, and other Government issues as well as by the general conditions of trade and speculation, which tend to make money stringent. Good budgets are expedient and surpluses are excellent things in moderation, but the weakness in Consols, being due to general causes, is not likely to pass away by means of any special measures which the English Government can initiate.

The Budget.—There is little to criticise in the Budget, as was foreshadowed in these notes, the yield of the taxes being now such that even slight reductions are exceedingly costly to the Chancellor of the Exchequer, while retrenchment on a large scale is also most difficult. Hence with a surplus of over £3,000,000, Mr. Asquith makes a few changes for which no taxpayer is particularly thankful, the principal change, the abolition of the coal export duty, being also one which does not come home to the general consumer and taxpayer. Still, Mr. Asquith

ought to have good opportunities in the next few years, in consequence of the regular growth of revenue, provided he has the courage to tackle the great problem of the recovery of Imperial revenues from their appropriation to local purposes. The present writer deprecates the one remaining feature of the Budget, the reopening of the old question of readjusting and graduating the Income Tax instead of the plan of simple reduction and resort to other taxes being tried. This is to make "false route," and will lead the Government into an *impasse*, as such action has always done. The moment the Income Tax is used for other purposes than a financial reserve it fails, and for that essential purpose inequalities matter very little.

Insurance Losses.—The San Francisco earthquake, like the Chicago fire many years ago, has profoundly affected many English insurance companies as well as American. A catastrophe which involves the destruction of a great city is, however, one of the things which a great insurance company must always count among the possibilities of its career. Against the temporary loss also must always be set the extension of business which is the usual result of a great fire, and of the actual payment of loans on a large scale, that attract much attention. English insurance companies have undoubtedly done much good business and made handsome profits because of the very magnitude of the losses which they formerly sustained. The present earthquake and fire seem likely to produce the same results. It is a great mistake to imagine that the profits of an insurance company depend on the absence of losses. The contrary is the case. It is the proportion of losses to premiums that really matters, along with the quantity of business. A great catastrophe tends at once to the increase of business and the advance of premiums, and is, therefore, on the whole a good thing for the companies which for the moment have heavy losses to pay.

A Census of Production.—One of the newest things which the present Government proposes is the taking of a census of production, for which a Bill has been introduced into Parliament. The census, if the Bill passes, is to be managed by the Board of Trade, and manufacturers and producers are to be compelled to make returns of raw materials used, quantities produced, workers employed, wages paid and so on, all for the year 1907, the census itself being the work of the year 1908. It may be

hoped that business men will offer no opposition. The information to be obtained will have its uses, especially after several censuses have been taken, so that one can be compared with the other. The greatest difficulty will lie in the definition of production to be given by the authorities who are to have charge of the census. Are the *employés*, for instance, of Marshall and Snelgrove, to put a concrete case, to be classed among manufacturers or producers, and if not why not? In the same way, is the workman employed by a market gardener to be considered a producer, and an ordinary gardener employed by a private person not to be so considered? Are domestic servants again to be treated as producers or not? Many such conundrums will come up for consideration and settlement, and the publications of the census authorities may be looked forward to for the light they must throw on some subtle economic and business questions.

R. G.

LABOUR NOTES.

THE widespread improvement in home and foreign trade, the apparently anomalous prominence of the unemployed question, and the results of a General Election that has placed Labour in a conspicuous position, with great debating and considerable voting power at Westminster, are features of the moment.

The Labour Gazette chart of unemployment now stands at 3.6 per cent., the tendency towards improvement that has been maintained almost uninterruptedly for more than a year still making itself felt. The present figure, which is almost identical with the April average for the past ten years, is 2 per cent. lower than the figure for a year ago.

IN face of this improvement and of the resumption of what may be regarded as average conditions, the fact that the question of the unemployed, though far less prominent than it was during the winter months, is still attracting a considerable amount of attention, finds, perhaps, its chief explanation in the persistent propaganda that has been carried on, in some quickening of the public sense regarding it, in the legislation of last year, and in the administrative effort that has been devoted to it. One general result of these influences has been that the whole question has taken a new place in the public mind.

It is also being more generally recognised that average conditions indicate a very different state of things when they are reached at the end of a period of exceptional depression to that which they assume at the end of a period of exceptional prosperity. In the latter case men should be, even if they are not, more or less prepared to withstand some of the mischances of industry. In the former case they are already hard-pressed: resources are used up, debts have often accumulated, the fortress of the home has been too long assailed further to resist the pressure caused by want of work. Moreover, the maintenance of the average in the aggregate may nevertheless conceal occupations which are, on the one hand, especially prosperous and on the other especially depressed, and may thus, for various reasons, be but the index of much real distress.

At the present time, apart from the disorganised and "sweated" industries, the group of occupations in which the likelihood of this is greatest is that of the building trades, and the general condition of these affords a rather remarkable exception to that prevailing generally elsewhere. They are still, in spite of signs of improvement that may be noted, perhaps the only great industry that is in a depressed condition, not only in London but over a great part of the country. It is significant, for instance, that the membership of the Amalgamated Society of Carpenters and Joiners has decreased by more than 1,100 since January, and that in this Society there were 3,291 members in receipt of unemployed benefit in April. The very general decline in the prices of building materials has as yet had no great effect in stimulating building enterprise, and it is not impossible that the cost of labour may have to decline somewhat before a marked change for the better makes itself felt. In this group of trades also, local administration, enforcing regulations made ostensibly always in the interests of public health or safety, doubtless exerts in some directions a restrictive influence, the scope and measure of which cannot, however, be determined.

It is not improbable that in some districts in which this group of trades is depressed, revival cannot be reasonably expected to take place at any time. The centre of demand may have shifted, and this consideration is a reminder that in dealing with those who rank as the "Unemployed," wise action will not

always consist in the provision of employment under conditions that lead to the retention of men in the districts in which they happen to be living. Under many conceivable conditions such action might indeed be the height of folly and shortsightedness.

IN the London building trades themselves it is, for instance, possible that the great changes which are being introduced through new facilities for locomotion and transport may point to the risk that there is of keeping men where their services are no longer required. The centrifugal force that enables people to cover a constantly increasing radius in their daily flight, in and out, may perhaps indicate that the outward trend should be followed by a considerable section of the operative builders who live now within the borders of the County of London. It may be noted that if it is true that some of the more active centres of this group of trades are shifting, there should be here considerable scope for the working of those Employment Exchanges for which the Unemployed Workmen's Act has made special provision, and which many are hoping not only to see established in London and in other parts of the country, but established with a recognition of their potential usefulness and of the need for their careful co-ordination.

REFERENCE to the clause in the Unemployed Workmen's Act relating to Employment Exchanges is a reminder of the considerable task that awaits those who will make it a special aim to work for the effective administration of existing laws. The need of this, perhaps, is quite as great as that of fresh legislation, and it would be a not unworthy task to see that effect was given to political judgments to which the nation, through its representatives, had given its assent.

It may be that the new "Labour Party" will give special attention to this task, although doubtless it will be very far from confining its energies to such a comparatively humble sphere, in spite of the fact that, with great foresight and some restraint, it has refrained from any attempt to draw up a political programme of its own.

THIS decision was deliberately arrived at at the recent Congress, it being doubtless felt that stability is more likely to be

secured by the strengthening of sympathetic ties than by the enunciation of particular political ends. Many of these are doubtless known, but the expression of opinions by many individual members of the Party as to what they had most at heart in entering Parliament are in many cases so general in character that many men of wide social sympathies might, irrespectively of party, have subscribed to them.

THE suspicion of programmes probably underlies the opinion, for instance, expressed by Mr. F. W. Jowett, M.P. for West Bradford, when he writes: "I, therefore, have at heart, more than anything else, the organisation of the working-class vote, and along with it the vote of all who care to identify themselves with the workers' cause as a separate political power in the State. I attach more importance to the necessity of organising this new power in politics than I do to the project of seeking to obtain from organised Labour a premature acceptance of the Socialist faith."

THESE are the words of a man who, like many of his colleagues, is fired by something of the nature of an ideal from which, when the mind turns, attention is apt to be fixed on the needs of individual men and women. It is seen that these needs can be, to some extent, met by the provision of the material requirements of life, and perhaps a paramount danger of the present time is to over-emphasise the importance of these and, even in this age of unexampled wealth, to exaggerate the ease with which they can be permanently ensured. For wealth, gross and material though it seems, has no appreciable existence apart from initiative and enterprise, and crumbles within the hand that rudely grasps it.

THE Report of the Amalgamated Society of Engineers for 1905 reflects the depression and partial recovery that characterised that year. The membership shows a net increase of 2,550, after allowing for deaths and exclusions—the latter numbering 4,608. The total number of members at the end of the year was only 1,334 short of the 100,000 since attained. The financial position was strengthened during the year by about £35,500, and the balance in hand at the close was nearly £642,000. This is a

large sum, but the expenditure during the year was nearly £344,000. £30,000 less than in 1904 was spent in donation benefit, including out-of-work benefit, but the total was still nearly £97,000. Superannuation benefit is steadily, although slowly, increasing, and now exceeds £116,000—an increase of £5,000 during the year, and of nearly £33,000 since the total for 1900. But during the same five years the membership of this great trade union has increased by more than 20,000.

ERNEST AVES

CURRENT TOPICS.

MAY 20TH was the hundredth anniversary of the birth of John Stuart Mill. There was no public celebration of the event, but numerous estimates of his life and philosophy appeared in the Press. The most remarkable study was that written by Mr. John Morley in the literary supplement to the *Times* on Friday, May 18th.

PROFESSOR SMART has initiated a short correspondence in the *Times* on the taxation of land-values, by a letter on April 17th, in which he complains that public attention is being diverted from the "straight issue" by ulterior considerations, such as better housing of the working-classes, bringing down rents, forcing land into the market, etc. The real question, however, is whether there is any class who, according to some recognised principle of distribution, are not paying their fair share of the rates. He concludes that, unless the existence of this class can be demonstrated, "the only honest way of raising more money is to raise the rates."

THE last few months have seen the birth of an unusual number of Royal Commissions and Select Committees. In introducing the Budget on May 8th, the Chancellor of the Exchequer pointed out that there were "two familiar objections to the incidence of the income-tax. They are, firstly, that above the limits of exemption and abatement it is levied at a uniform rate, and secondly, that no difference is made between precarious and permanent income." Accordingly, a Select Committee of the House of Commons has been appointed to inquire into the graduation and differentiation of the tax, with Sir Charles Dilke as chairman.

THE Royal Commission on the Canals and Inland Navigation of the United Kingdom, which was promised by the Prime Minister in his speech at the Albert Hall on the eve of the General Election, has also been appointed (March 5th). The terms of reference embrace the improvements desirable in them and the causes which have prevented the carrying out of these improvements by private enterprise. In addition, the Commissioners are to report upon "the expediency of canals being made or acquired by public bodies or trusts." Lord Shuttleworth is the chairman.

ANOTHER Royal Commission of some importance is that appointed at the end of May to inquire into the administration of the Mines Acts and into a large number of questions relating to the health and safety of miners. The Commission is constituted mainly of employers and trade union leaders in the mining industry. The chairman is Lord Monkswell and the secretary Mr. W. S. Harris.

PERSONS interested in the economic conditions of Denmark may like to be informed that there exists an organisation of which the object is to assist English visitors in observing those conditions. The visitors are conducted through the schools, the co-operative dairies, the small farms, the workhouses, the labour bureau and other institutions, while the life of the country is explained by some of its representative men and women. The visit this year will extend from August 6th to August 18th. The necessary expenses are about £10. The Swedish Social Union, in conjunction with the organisers of the Danish visits, has arranged for a similar party to go to Sweden from August 27th to September 8th. The Honorary Secretary is Miss Butlin, Old Headington, Oxford.

PROFESSOR ANDRÉADES, the correspondent of the Royal Economic Society for Greece, has been appointed an "ordinary" Professor of Public Finance and Statistics at Athens.

THE first International Congress on Unemployment will be held at Milan on September 28th and 29th this year. The Milanese Società Umanitaria (9 Via Manzoni, Milan), founded by the late philanthropist, P. M. Loria, provides the annual sum of half million lire for the adjustment of evils wrought by unem-

ployment. The Society has created to that end several technical schools for workmen, a Registry Office, an Insurance Fund for Unemployed, a Bureau of Labour, a Technical Office for rural Co-operative Societies, a Credit Bank for Co-operative Societies, an Emigration Committee, and it is preparing to have two Labour Colonies and to promote the first International Congress on Unemployment. The fee for admission to the sittings is 10 lire.

THE British Association meets this year at York in the week beginning August 1st. The President of Section F is Mr. A. L. Bowley, and the Secretaries are Prof. S. J. Chapman (Recorder), Mr. H. O. Meredith, Mr. D. H. Macgregor, and Mr. B. Seebohm Rowntree. The chief subjects for discussion will be Railway Transport (upon which three papers will be read by railway experts, and one by M. Mahaim, of the University of Liège), Industries (mainly local), and Labour Questions, including unemployment. In the time devoted to industrial and allied topics, two papers will be read on the Reserve (one contributed by Mr. R. Inglis Palgrave); a description will be given, it is expected, of the pursuit of industrial betterment at York and the work of social secretaries, while lead-mining in Yorkshire, local agricultural problems, some aspects of the woollen industry, and domestic industries will also be dealt with. Among the miscellaneous papers are two on theoretical questions by Professor Edgeworth and Professor Wickcell, one on public finance by Dr. Cannan, and one by Dr. Bonar.

THE present year will mark a new departure in the history of the activities of the Royal Economic Society. It has been felt for some time that the Society might with advantage take a somewhat larger part in the promotion of economic study and research, and might also afford valuable opportunity for social reunion and interchange of opinion, following the good example of the American Economic Association in the United States. Towards this end it is proposed to hold an Economic Congress in the October of each year, to meet in London. The subjects chosen for discussion at the first Congress, which will take place on October 2nd and 3rd, are Small Holdings and the Taxation of Ground Values. The final arrangements will shortly be communicated to all Fellows. It is already possible to state that the discussion on Small Holdings will be introduced by papers

contributed by Lord Carrington, President of the Board of Agriculture, and by Miss L. Jebb, special commissioner of the Co-operative Small Holdings Association. Sir Horace Plunkett has also promised to take part. Mr. Edwin Cannan will open the debate upon the Taxation of Site Values. Among others who will either read papers or take part in the discussion we may mention Lord Onslow, Mr. Charles Trevelyan, M.P., and Major Leonard Darwin. On each evening there will be a dinner, to be followed by a reception on the second night, to which Fellows will have the privilege of introducing guests. It is hoped that the Congress will be largely attended, not only by those of this country who are interested in economic thought and practice, but also by distinguished foreign economists.

IN addition to the institution of an annual Congress, the Council will from time to time appoint small committees of investigation upon special subjects. The first of these committees has been appointed to report upon the data for forming an accurate estimate of the number of unemployed in our industrial population.

RECENT PERIODICALS AND NEW BOOKS.

Journal of the Royal Statistical Society.

MARCH, 1906. *The Rise and Development of Local Legislation by Private Bill.* The presidential address of the RIGHT HON. THE EARL OF ONSLOW. *The Decline of Human Fertility in the United Kingdom and Other Countries as Shown by Corrected Birth-rates.* A. NEWSHOLME and T. H. STEVENSON. The decline amounts to "social suicide." *On the Changes in the Marriage and Birth Rates in England and Wales during the Past Century.* G. UDNY YULE. The changes, which are tested by refined methods, are apparently correlated with changes in the course of prices. *Statistics of Wages in the United Kingdom during the Nineteenth Century (Part XIV.) Engineering and Shipbuilding Averages, Index Numbers, and General Results.* A. L. BOWLEY and G. H. WOOD. By a skilful use of index numbers and other statistical methods, the change of average earnings in this group of industries is traced for the period 1850-1900 (during which there was an increase of 45 per cent.), and even before that period. *Note on Estimating the Relative Influence of Two Variables upon a Third.* R. H. HOOKER and G. UDNY YULE. *Prices of Commodities in 1905.* A. SAUERBECK. The index number for 1905, based on forty-five articles, viz., seventy-two, is the highest in the quinquennium 1901-5, and the highest since 1891, except that for the year 1900, viz., seventy-five.

The Economic Review.

APRIL, 1906. *The Fiscal Question.* L. L. PRICE. Encouragement to fiscal reform is derived from political events and characters, and from the weakness of the opposite cause, as proved by Mr. Balfour in his article in the *Nineteenth Century*, 1882, and later writings, and as exemplified by its advocates—Lord Brassey, who "does not realise the essential conditions of the inquiry," M. Yves Guyot, "who shows a similar lack of judicial impartiality," and Mr. Pigou, who, with a writer in the *Edinburgh Review*, argues in a circle. Mr. Pigou's conclusion is implicit in his premise, "freedom of exchange," "the general conception of individuals competing unrestrictedly." In the future "it will become increasingly difficult to apply with any satisfaction a theory based on the conception of individuals freely competing with one another to the practice of industrial and commercial societies, where monopoly and combinations, whether en-

trenched or not behind tariff walls, play a more conspicuous and important part." *Christian Socialism*. J. M. THOMPSON. *The Unearned Increment*. A. HOOK. The non-retrospective method which deals with future increments would benefit the next generation. A more immediately fruitful retrospective scheme is suggested. *American Railway Rates*. H. G. BAKER. *Neglected Opportunities of Co-operation*. H. W. WOLFF.

The Nineteenth Century.

MARCH, 1906. *The Expatriation of Capital*. W. H. MALLOCK. That "importing without exporting" is impossible—that "Palladium of Free Trade"—proves a "pitiable fallacy." There is an annual excess of some £140,000,000 "imported income in the concrete," in effect "goods produced by British capitalists abroad," half of which, the author says, referring to his article of December, 1905, "might, were British industries placed on a proper footing," be produced by British labour as advantageously as they are now by foreign. *The Unemployed and Trades Unions*. D. M. MORRISON.

The Fortnightly Review.

MARCH, 1906. *Women's Opportunity*. GERTRUDE M. TUCKWELL. An opportune plea for reforms in conditions of female labour.

The Contemporary Review.

MARCH, 1906. *Federation in Fiscal Anarchy*. PROF. H. MACAULAY POSNETT. The "Brummagem renovation" of our Empire is vigorously denounced. *The Unemployed*. G. P. GOOCH. Various remedies are recommended.

The National Review.

MARCH, 1906. *Trade Unions and the Law*. PROF. W. J. ASHLEY. The new judge-made definition of the law is expedient, so far as it promotes closer organisation, but not in respect of picketing and other acts affecting non-members. *Our Position in Foreign Markets*. J. HOLT SCHOOLING.

APRIL. *Impression of South Africa*. REV. W. CUNNINGHAM. The Transvaal affords a "sort of reductio ad absurdum" of Cobdenite principles. *The Working Man and Revenue*. ST. LOE STRACHEY. The working man is not taxed out of proportion to his income, but too highly on the principle of graduation.

The Independent Review.

MARCH, 1906. *The Labour Party and its Policy*. J. R. MACDONALD, M.P.

- APRIL. *Trade Unions and the Law*. P. SNOWDEN, M.P. *The Taxation of Monopolies*. J. A. HOBSON. A "legitimate extension of the concept of unearned increment" would afford a "new broad basis of constructive finance" adapted to "our policy of social reform." *A Labour College*. E. BRUCE FORREST. A fond reminiscence of Ruskin College in its earlier days.
- MAY. *Kaffirs and Consols*. F. W. HIRST. Consols have declined from 106 in 1898 to 89 $\frac{1}{4}$ on account of the late Government's borrowings. In spite of Chinese labour, Kaffirs have dropped.

The Quarterly Journal of Economics (Boston).

- FEBRUARY, 1906. *The Trunk Line Rate System: A Distance Tariff*. W. Z. RIPLEY. *Paradoxes of Competition*. H. L. MOORE. Vagueness in the definition of competition is connected with Cournot's erroneous treatment of certain problems in monopoly. When competition is only between a few producers it comes to be true that "labour gets what it produces." *The Court of Piepowder*. CHARLES GROSS. *The Anti-dumping Feature of Canadian Tariff*. When a foreigner sells goods to a Canadian importer at a rate lower than the market price in his own country, the regular duty is levied on the normal selling price in the country of export, and also the difference between that normal price and the dumping price is collected as a special duty. *The Agricultural Development of the West during the Civil War*. E. D. FITE.

Political Science Quarterly (New York).

- MARCH, 1906. *Sovereignty and Government*. F. H. GIDDINGS. *Regulation of Railway Rates*. A. B. STICKNEY. In view of the prevalent system of rebates, an inter-State commerce investigation committee is demanded. *The Connecticut Land System*. NELSON P. MEAD. *Municipal Home Rule*. FRANK J. GOODNOW. *How English Towns are Managed*. CHARLES H. HARTSHORNE. Towns are better administered now in Great Britain than in America.

The Journal of Political Economy (Chicago).

- FEBRUARY, 1906. *The Condition of the German Working Man*. EARL D. HOWARD. Several comparisons with America (and England) are made, e.g., the well-to-do working men in Germany are fewer; but poverty is more level; "there is in Berlin nothing at all like an American slum." *Government Regulation of Railway Rates*. B. H. MEYER. Referring very unfavourably to Prof. H. R. Meyer's book, *Government Regulation*.
- MARCH. *The Unions versus Higher Wages*. J. LAWRENCE LAUGHLIN. *A New Tax: Seligman "Social Value,"* H. J. DAVENPORT.
- MAY. *Municipal Ownership in Great Britain*. E. W. BURDETT.

The Yale Review (Newhaven).

FEBRUARY, 1906. *Postal Rates and Literature.* CHARLES W. BURREWS. *The Municipal Gas Works of Berlin.* ROBERT C. BROOKS. The history of a profitable business.

MAY. *The Municipal Gas Works of Berlin.* II. R. C. BROOKS. *The Freedmen's Saving Banks.* W. L. FLEMING. The history of an attempt to foster thrift among the emancipated negroes. *The Transition from Slave to Free Labor in Cuba.* H. S. AIMES.

The January number of the *Annals of the American Academy of Political and Social Science* is devoted to "Municipal Ownership and Municipal Franchises." There are a dozen articles on municipal affairs by different writers, historical and descriptive rather than critical. Those dealing with German tramways and the Corporation of Madrid will perhaps be of most interest to English readers. The majority deal with American affairs, and indicate that progress is being made in the struggle for purity, whilst the desire for municipal ownership is increasing. Incidentally, it appears that the protective system of the United States has been one of the factors tending to delay municipal reform (p. 183).

Journal des Économistes (Paris).

MARCH, 1906. *L'émigration Italienne.* P. GHIO. *Un projet de suppression de l'octroi de Paris.* E. LETOURNEUR. A gradual suppression—not next year, as M. Lefèvre proposes—is desirable. *Paris Port de Mer.* E. ROCHETIN. The project of a canal connecting Paris with the sea.

APRIL. *La Representation de l'Agriculture.* P. BONNARD. *Le Pre tendu Antagonisme Économique des Nations.* J. NOVICON.

MAY. *La Protection et les Progres Industriels de l'Italie.* E. GIRETTI. *Le Budget de la Ville de Paris pour 1905.* E. LETOURNEUR. *Mouvement Agricole.* M. DE MOLINARI.

Revue d'Economie Politique (Paris).

MARCH, 1906. *La bienfaisance au point de vue Sociologique.* R. DALLA VOLTA. Philanthropy and evolution are reconciled. *La Dernière Evolution Doctrinale du Socialisme.* I. J. HITIER.

APRIL. *La Caisse Régionale de Crédit Agricole du Midi.* A. CHAUSSE. *Karl Knies.* M. DEFOURNY. *Le Colonisation des Pays Neufs et la Sauvegarde de la Femme Indigène.* J. BRUNHES.

MAY. *La Dernière Evolution Doctrinale du Socialisme. Le Socialisme Juridique.* I. J. HITIER. *L'évolution du Cartell dans la grande Industrie Allemande de la houille et du fer.* J. LESCURE. *Le Mercantilisme Liberal à la fin du XVII. siècle.* *Les idées de M. de Belesbat.* A. SCHATZ ET R. CAILLEMER.

In the *Revue Economique Internationale* for April, 1906, the capital (*richesse*) in France is estimated by way of succession, which averages about $6\frac{1}{2}$ milliards (£260,000,000) a year, a figure of which the expansion may have been checked by the return of protectionism in 1892. Multiplying by 32, the mean number of years during which fortunes are enjoyed, we have a total of over 200 milliards. About one per mille of the inheritors take a quarter of the value inherited; two per cent. take more than two-thirds. *The Development of the World's Economy* is handled by PROF. INAMA STERNEGG, with interesting reference to the progress of Japan and the free trade policy of England.

In the May number M. LEWANDOWSKI handles a cognate subject, *Le Marché de Paris*. M. A. METIN gives, with other information concerning *Le Japon Industriel*, some statistics of the growth of wages in Japan by more than 250 per cent., it seems, between 1887 and 1903.

In *L'Economiste Français*, MAY 9, M. E. PAYEN discusses various proposals for a weekly day of rest, whether on Sunday or on some other day. MAY 29. M. PAUL LEROY BEAULIEU connects the emigration of capital from France with the hostility displayed in that country towards funded property (*richesse acquise*).

Jahrbücher für Nationalökonomie (Jena).

FEBRUARY, 1906. *Besteuerung der Konsumverine*. DR. ORTLOFF, *Die Entwicklung des Preisniveaus*. J. CONRAD. The index numbers, of which the construction was explained in Vol. VII. at p. 642 of the *Jahrbücher*, are continued.

MARCH, 1906. *Dänische Preise, 1650-1750*. A. NIELSEN.

APRIL. *Zur Vereinheitlichung der Deutschen Arbeitsversicherung*. MORITZ WAGNER. *Zwei Sanierungen Ungesunder Stadviertel in Birmingham und Birkenhead*. R. CLEMEN.

In the *Zeitschrift für die Gesamte Staatswissenschaft*, 1906, Heft 2, is *inter alia* noticeable *Die Staatliche Theorie des Geldes*, by DR. A. VOIGT, referring to the recent work of G. F. Knapp, which is reviewed above.

Zeitschrift für Volkswirtschaft (Vienna).

BAND XV., HEFT 1. *Die Entwicklung des Warenhandels in Österreich*. DR. HELENE LANDAU. *Ueber die Mathematische Methode der Theoretischen Ökonomie*. J. SCHUMPETER. A sympathetic study. *Die belastung der Industrie durch die Altersversicherung*. F. SOMARY. An examination of the accounts of several German companies leads to the conclusion that the insurance of old age is not a great burden on profits—some 3 per cent., with a possibility of shifting.

De Economist for April, 1906, contains a learned paper on mediæval money of account (*Rekenmunten*) by MR. N. G. PIERSON.

Giornale degli Economisti (Rome).

FEBRUARY, 1906. *La leggenda dorata dell' Italia*. G. GIRETTI. *Per la statistica comunale*. A. CONTENTO. *Di una ideale storia economica e giuridica*. G. ARIAS.

MARCH, 1906. *Francesco Ferrara*. T. MARTELLO. *Teoria del Costo di Reproduzione*. A. LORIA. *La Distribuzione della Ricchezza fra Regioni Industriel e regioni agricole in alcuni state*. C. BRESCIANI.

APRIL. *L'economia matematica ed il nuovo manuale del Prof. Pareto*. V. VOLTERRA. *La camera dei deputati e l'ispettorato del lavoro*. C. DRAGONI. *L'Emigrazione del mezzogiorno*. A. BOSCO. *Le imposte di famiglia e di valore locativo secondo la teoria e il diritto positivo*. J. TIVARONI. *Della ripercussione dei dazi variabili*. M. FANNO.

In *La Reforma Sociale* (Turin) we may notice (March) an appreciative study on Prof. Pareto's contributions to the Social Sciences, by GUIDO SENSINI (April); a continuation of the controversy respecting the cost of strikes, by F. COLETTI (May); the laudation of a new treatise, Prof. G. Valenti's *Elements di Economia Politica*, by E. SELLA.

NEW BOOKS.

BLACKLEY (J. J.). *Thrift and National Insurance as a Security Against Pauperism*. London: Kegan Paul.

[Can. Blackley's scheme is reprinted, together with a memoir and an introduction.]

CANTLIE (J.). *Physical Efficiency*. London. 1906. 8vo. Pp. 216. 3s. 6d.

[A study of the deleterious effects of town life upon the population of Great Britain.]

DAVIES (D. H.). *Cost of Municipal Trading*. London: P. S. King and Son. 8vo. 2s.

GONNER (PROF. E. C. K.). *Interest and Saving*. London: Macmillan. 1906. Pp. 172.

JAURES (JEAN). *Studies in Socialism*. Translated with an Introduction by Mildred Minturn. (The Socialist Library, III.) London. Independent Labour Party. 1906. Pp. 174.

KEEN (F. N.). *Parliamentary Companies*. London: Gee. Pp. 61.

LANGE (M. E.). *Local Taxation in London*. With a Preface by Lord Welby. London: P. S. King. 1906. Pp. 46.

MATHESON (GEORGE). *The Sugar Convention, its Cost and Consequences*. London: Published by the Writer. Pp. 16. 3d.

PRATT (E. A.). *Railways and their Rates*. London: J. Murray. 1906. 8vo. Pp. 372.

ROOT (J. W.). *Colonial Tariffs*. Liverpool: Root. 1906. 7s. 6d.

ROOT (J. W.). *Old Age Pensions*. (Radix Series, No. 6.) Liverpool: Commerce Chambers, 1906. Pp. 22.

SMITH (ARMITAGE). *Principles and Methods of Taxation*. London: Murray. 1906. Pp. 195.

SMITH (CHARLES W.). *International Commercial and Financial Gambling in "Options and Futures" (marchés à terme): The Economic Ruin of the World*. London: P. S. King. 1906. Pp. 339.

Sociological Papers. Vol. II. (Published for the Sociological Society.) London: Macmillan. 1906. Pp. 304.

[Mr. F. Galton leads off with a paper on *Eugenics*. Prof. P. Geddes follows with *Civics*.

Women's Industrial Council Interim Report on Home Industries of Women in London, 1906. London: Women's Industrial Council. Pp. 45.

[Papers on home work by Mrs. J. R. Macdonald, Miss B. L. Hutchins, and Miss Clementina Black.]

SYNNOTT (NICHOLAS J.). *Proposal for a New Labourers' Bill. An attempt to solve the rural housing question in Ireland*. Naas: "Leinster Leader." 1906. Pp. 18.

TURNER (STANLEY H.). *The Taxation of Land Value*. Edinburgh: Blackwood. 1906. Pp. 16.

[Those who base taxation of land values on the assumption that landowners receive benefits without contributing to the local rates are mistaken, as much of the burden is shifted on to landowners. The Bill for the taxation of land values in Scotland is confiscatory; there is no more justification for taxing a person or body that has bought them than for singling out the purchasers of Consols for exceptional taxation.]

BEALE (J. H.). *The Law of Foreign Corporations and Taxation of Corporations, both Foreign and Domestic*. Boston: W. J. Nagel. 1904. 8vo. Pp. 1149.

BOYD (WILLIAM K.). *The Ecclesiastical Edicts of the Theodosian Code*. (Columbia University Studies.) New York: Macmillan Co. 1906. Pp. 120.

BULLOCK (C. J.). *Selected Readings in Public Finance*. Boston: Ginn & Co. 1906. 8vo. Pp. 671. \$2.25.
[Prepared for use of classes.]

CONANT (C. A.). *Principles of Money and Banking*. 2 vols. New York: Harper. 1905. 8vo. Pp. 437, 487. \$4.00 net.

ELLIS (ELLEN D.). *An Introduction to the History of Sugar as a Commodity*. Philadelphia: John C. Winston Co. 1905. 8vo. Pp. 117.

[In Bryn Mawr College Monographs. *Traces industriously the history sugar to the close of the seventeenth century.*]

FAIRCHILD (F. R.). *The Factory Legislation of the State of New York.* (American Economic Association.) New York: Macmillan Co. 1905. Pp. 218.

FISHER (PROF. IRVING). *A Brief Introduction to the Infinitesimal Calculus designed especially to aid in reading Mathematical Economics and Statistics.* 2nd edition. New York: Macmillan Co. 1906. Pp. 84.

[This second edition of a work reviewed in the *ECONOMIC JOURNAL*, 1898, is improved by the addition of a preliminary statement respecting "limits."]

HOLLANDER (J. H.) and BARNETT (G. E.). *Studies in American Trade Unionism.* New York: Henry Holt & Co. 8vo. Pp. 380. \$2.75.

[Eleven essays by members of the Economic Seminary of Johns Hopkins Univ., with introduction by Prof. Hollander.]

JOHNSON (PROF. FRENCH). *Money and Currency.* Boston: Ginn & Co. 1906. Pp. 398.

MERRIAM (G. S.). *The Negro and the Nation. A History of American Slavery and Enfranchisement.* New York: Henry Holt & Co. 12mo. Pp. 436. \$1.75.

[A brief history of slavery and of the wage problem since emancipation. A useful contribution to the subject.]

HALL (P. F.). *Immigration and its Effect upon the United States.* New York: Henry Holt & Co. 12mo. Pp. 393. \$1.50.

[Author is secretary of an anti-immigration society.]

HARMS (B.). *Darstellung und Kritik der Wirtschafts und Betriebs systematik im Sombartschen "Kapitalismus."* Jahrb. f. Gesetzg. 1905. Heft 4.

HISHIDA (SEIFI G.). *The International Position of Japan as a Great Power.* (Columbia University Studies.) New York: Macmillan Co. 1905. Pp. 289.

HOBSON (J. A.). *Imperialism: A Study.* (Revised edition.) London: A. Constable & Co. 1905. 12mo. Pp. 324. 2s. 6d.

MEYER (HUGO R.). *Municipal Ownership in Great Britain.* New York: Macmillan Co. 1906. Pp. 340.

SMALL (A. W.). *General Sociology. An Exposition of the Main Development of Sociological Theory from Spencer to Ratzenhofer.* Chicago: Univ. of Chicago Press. 1905. 8vo. Pp. 729. \$4.00.

[An attempt to treat the works of Spencer, Schäffle, and Ratzenhofer as parts of a system.]

SWIFT (M. G.). *Marriage and Race Death.* New York: Swift Press. 1906. 12mo. Pp. 270. \$1.10.

[Socialistic view of marriage.]

TAYLOR (H. C.). *Agricultural Economics.* New York: Macmillan Co. Pp. 327.

AFTALION (A.). *Le développement de la fabrique et le travail a domicile dans les industries de l'habillement.* Paris: Lerose. 1906. Pp. 313.

ALFASSA (G.). *La crise agraire en Russie. Quarante ans de propriété collective. Avec une préface de M. J. Flach. (Bibl. populaire d'économie sociale.)* Paris: V. Giard & E. Brière. 1905. 18mo. Pp. 245. 3.50 fr.

[A good, brief account of the Russian mir, its constitution and the causes of its decadence, intended to throw light on the present agrarian unrest.]

CHARLETY. *Documents relatifs à la vente des Biens Nationaux.* 1906. Pp. 722.

[The first volume of a monumental collection which will extend over several years, including all the hitherto unpublished documents of an economic character relating to the French Revolution. The publication is under the care of a Commission appointed by the Government.]

GONNARD. *La femme dans l'industrie.* Paris: Colin. Pp. 286.

[Interesting information as to the wages of women and the conditions of their work, especially in the smaller industries.]

KOVALEWSKY (M.). *La Crise Russe. Notes et impressions d'un témoin.* Paris: Giard. 1906. Pp. 304.

LEROY-BEAULIEU (PAUL). *L'art de placer et de gérer sa fortune.* Paris: Delagrave. 1906. Pp. 746.

[A sort of guide to investors showing how to avoid loss and obtain profit.]

MANTOUX (P.). *La révolution industrielle au XVIII^e siècle. Essai sur les commencements de la grande industrie moderne en Angleterre.* Paris: E. Cornély et Cie. 1906. 8vo. Pp. 544. 10 fr.

[“The fullest and best study of the industrial revolution that we possess,” says the *Quarterly Journal of Economics*.]

SALVIOLI (PROF. G.). *Le capitalisme dans le monde antique. (Bibliothèque Internationale d'Économie Politique.)* Paris: V. Giard. 1906. Pp. 320.

MOLINARI (G. DE). *Questions économiques à l'ordre du jour.* Paris: Guillaumin. Pp. 788.

[The principal subject treated in this volume is the labour market. The author finds in the bad organisation of that market the cause of the disputes between labour and capital. There are also chapters on the rationale of interest, on bimetallism, the history of Protection, and even the relation of Political Economy to morals and religion.]

NAGAOKA (M. H.). *Histoire des relations du Japon avec l'Europe aux XVI^e et XVII^e siècles.* Paris: Jouve. 1905. 8vo.

NEYMARCK (A.). *Finances contemporaines. Tome III. Questions économiques et financières 1872-1904.* Paris: Guillaumin. 1905. 8vo. 10 fr.

SIEGFRIED (ANDRÉ). *Le Canada.* Paris: Colin. 1906. Pp. 415.

[“Les deux races,” the sub-title, limits the subject. There is an interesting chapter on “l'impérialisme économique.”]

THÉRY (E.). *La Grèce actuelle au point de vue économique et financier.* Paris: Economiste Européen. 1905. Pp. 222.

BERNSTEIN (E.). *Die heutige Sozialdemokratie in Theorie und Praxis.* Munich: G. Birk. 1906. 8vo. Pp. 61. 1 m.

[A pamphlet published in reply to newspaper attacks.]

CONRAD (ELSE). Der Verein für Sozialpolitik und seine Wirksamkeit auf dem Gebiete der sozialen Frage. Jena: Fischer. 1906. 8vo. Pp. 202. 4 m.

DYHRENFURTH (GERTR.). Ein schlesisches Dorf und Rittergut. Geschichte und soziale Verfassung. Leipzig: Duncker & Humblot. 1906. 8vo. Pp. 188. 4.20 m.

[In Schmollern Forschungen.]

HALLE (E. VON). Die Weltwirtschaft ein Jahr- und lesebuch. (Herausgegeben von E. von H.) I. Jahrgang. 1 Teil. Internationale Übersichten. Leipsic: Teubner. 1906. Pp. 361.

[No mere statistical almanack is designed, but a readable book (if we might so paraphrase *ein lesebuch*) to show the connexion of figures and dates, a picture of the whole garment that the labour of millions has woven in the past year "am sausenden webstuhl der Zeit."]

HARMS (BERNARD). Arbeiterskammern und Kaufmannskammern. Tübingen: Laupf. Pp. 56.

LÁNG (PROF. LUDWIG). Hundert Jahre Zollpolitik. (Autorisierte Uebersetzung aus dem ungarischen von A. Rosen.) Wien: Fromme. 1906. Pp. 620.

[A comprehensive view of tariff in the leading nations during the last century culminates in three chapters dealing with recent developments—the German tariff of 1902, the Austro-Hungarian fiscal relations, and "Chamberlain."]

LEVY (H.). Die Stahlindustrie in den Vereinigten Staaten in ihren heutigen Produktions und Absatzverhältnissen. Berlin: J. Springer. 8vo. Pp. 372. 7 m.

[A sketch of the history of the iron industry is followed by an elaborate account of its present state, cost of production, the Steel Corporation, and especially the steel rail, tin plate and wire combinations. The author is Dozent at Halle.]

MANNSTAEDT (H.). Die Konzentration in der Eisenindustrie und die lage der seinen Walzwerke. Jena: G. Fucher. 1906. Pp. 63.

MÜHLEMAN (C.). Untersuchungen über die Entwicklung der wirtschaftlichen Kultur und die Güterverteilung im Kanton Bern. Bern: Switzerland.

[A comprehensive investigation, historical and statistical, of the development of economic and social relations in Bern during the seventeenth, eighteenth, and nineteenth centuries.]

PETERS (MAX). Schiffahrtsabgaben. Erster Teil; Die Rechtsfrage. (Schriften der Vereins für Socialpolitik CXV.) Leipsic: Duncker & Humblot. 1906. Pp. 339.

SCHNAPPER-ARNDT (DR. GOTTLIEB). Vorträge und aussätze. Tübingen: Laupp. 1906. Pp. 320.

TUGAN-BARANOWSKY (M.). Theoretische Grundlagen des Marxismus. Leipsic: Duncker & Humblot. 1905. 8vo. Pp. 245. 5 m.

MURO (D.). Teoria di valutazione. Padova: Galline.

NINA. La teoria del lotto di stato. Turin: Bocca. 8vo. 1905.
[A not unfavourable criticism of the lottery system.]

VALENTI. Principii di Scienza Economica. Firenze: Barbera.

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ABILITY AS THE MEASURE OF TAXATION FOR POOR RELIEF IN SCOTLAND.

OF the many differences between the development of local rates in England and in Scotland none is more interesting or instructive in relation to present-day controversies than the persistence of the principle of ability in the parochial rates¹ of the latter country. While the two chief features of rates in England are that they "are paid only in respect of certain kinds of property, and are levied from the occupiers and not the owners of that property,"² in Scotland about 43 per cent. of the aggregate rates are levied from owners, and until less than a generation ago the system of levying the poor-rate in respect of immovable property alone was not a universal feature, while the practice of appealing beyond rental to the criterion of ability has never been wholly abandoned, but still lingers in the practice known as classification. In this paper the writer confines himself to the history of the principle of ability as applied to the poor-rate and to the difficulties which it has had to encounter in practice.

The earliest statutes relative to parochial taxation took their rise in the repeated, and generally unsuccessful, attempts of the Scotch Parliament to repress vagrancy, which was even a more serious burden in Scotland than south of the border; and it was soon recognised that some discrimination between the deserving poor and the vagabonds was necessary for this purpose. Hence early in the fifteenth century it was enacted that the deserving

¹ For rating purposes the area of Scotland is divided twice over, (i) into parishes which comprise the whole country, urban and rural; and (ii) into counties and burghs.

² Cannan, *History of Local Rates in England*, p. 2.

should be licensed to beg, a privilege confined by later statutes to the single parish. This system of poor-relief, as supplementary to church collections, continued in most parts of the country long after general laws had been passed for other means of raising the cost of maintenance, and even in the eighteenth century, and in a few places still later, these "gaberlunzies," as they were called on account of the wallet they carried for the reception of meal and other provisions, continued to wander from house to house, bearing a leaden token stamped with the name of the parish. The principle upon which the parishioners were expected to contribute towards this eleemosynary relief, whether through the church collections or by direct alms, would obviously be in accordance with their respective ability; and in the earliest Act providing for compulsory taxation for the same purpose the principle is explicitly retained. In 1574¹ an Act of a temporary nature was passed, declaring that the poor and impotent, as distinguished from strong and idle beggars, should have lodging and abiding places and not need "to beg or wander about to the sklander of a cristiane comounwelth that hes ressavit the evan-gell." To this end it provides that elders and deacons in towns and headsmen of landward (rural) parishes shall by their good discretion "tax and stent the whole inhabitants within the parish according to the estimation of their substance without exception of persons," each year revising the stent-roll for any alteration necessitated by death or by "increase or diminution of men's goods and substance." In the Act of 1579 the provisions are re-enacted in all essentials, changing only the administrative body. The taxation clause is retained verbatim, but there is a curious sentence which would appear to make relief a matter of voluntary commutation on the part of the paupers, for they are to be asked "what they may be made content of their own consent to accept daily to live unbeggand" (i.e., without begging). In these Acts there is also a recognition that some parishes may be so poor that money payments would be difficult, and in that case the authorities may continue the system of begging licences; while the poor's fund of the parish of apprehension is made liable for the maintenance of poor prisoners.² The ad-

¹ "Anent the punishment of strong and idle beggars, and provision for sustentation of the poor and impotent." Many writers wrongly assert that the Act of 1579 was the first to provide for a poor-rate, and this Act of five years earlier has been strangely neglected.

² This provision was altered in 1617, when the justices were empowered to rate every parish for a weekly sum not exceeding five shillings Scots [5d. sterling] nor below one shilling Scots.

ministrative machinery was changed a few times in the next century; suffice for the present purpose to say that eventually it became settled upon the kirk-session and heritors (landed proprietors) in rural parishes, and the magistrates in burghs, where it remained until 1845, when Parochial Boards, now Parish Councils, were instituted throughout the country, urban and rural alike.

An Act of 1649,¹ subsequently repealed at the Restoration, shows how persistent was the idea of voluntary alms; for each half-year the parishioners are, after a "solemn intimation," to say "what they will give every month in victual or money for a voluntary and charitable contribution . . . for the entertainment of these poor people." For any deficit after the "weekly contributions" and this "yearly benevolence" have been taken into account, there is first of all a provision for one parish being aided by others in the same presbytery. Commissioners, appointed on the nomination of the presbytery, are to stent the *parishes* "according to their ability and wealth," but they determine only what each parish shall contribute, the elders and deacons of every landward parish subdividing the sum among "the heritors and others . . . with as much equality as is possible; wherein they are to have special regard to lay the great proportion on those masters that deal rigorously with their tenants and thereby impoverish them and put them to beggary, and deal more favourably with those masters who endeavour to maintain their tenants and deal charitably with them." This Act for the first time mentions specially the heritors or landed proprietors as subject to rating, and it is the only one, so far as we know, in which the rudiments of a plan of equalising the burden between parishes are found in Scotland, or in which regard is to be had to the character of the "masters." Neither of these two last provisions was of any importance in practice, however, for it is almost certain that they were never applied. One fact among many which confirms this opinion is that the authority never seemed to be settled until the seventeenth century was far advanced, for in 1655 an Act giving instructions to the justices puts the whole matter of relief into their hands again. Overseers appointed by the justices are to call for the collections and other sums appointed for the poor of the parish, and where they are insufficient the justices are to "give order to the said parish to lay a tax or stint

¹ Many writers on the Poor Law in the first half of last century assert that there was no legislation with reference to poor relief during the Commonwealth and for many years previous thereto; but subsequently statutes have been discovered which prove the contrary.

upon the whole parishioners or inhabitants, according to the estimation of their estates and conditions." Possibly of still greater significance is the Act of 1661 which re-enacts these instructions to the justices, but deliberately omits the provision for taxation for the regular poor. These statutes were probably never put into execution at all by the justices, and in 1672 the kirk-sessions and heritors are finally given the duty in all landward parishes. With the exception of the Act of 1649, which lays a peculiar burden upon those who deal rigorously with their tenants, every one of them referring to taxation takes the criterion of ability under the terms "substance," "goods and substance," or "estates and conditions," while in practice we know that compulsory assessments were practically non-existent, the poor being provided for by voluntary alms given directly or through the church collections.

In the year 1663, however, a new principle is introduced for a parochial rate. Two years earlier the legislature had turned its attention towards providing employment for vagabonds and the unemployed by giving special privileges, such as freedom from customs duties, to persons or societies introducing manufacturing establishments, and the Act of 1663 followed it up by granting power to such individuals or companies to compel the services of vagrant and idle persons for eleven years, feeding and clothing them in the meantime. In addition, the parish of the vagrant was to pay to the manufacturers two shillings Scots per person per day during the first year after apprehension, one shilling Scots during the second, third, and fourth years, after which the payment of the parish was to cease. These sums were to be raised from the parish by the heritors, half being paid by the heritors themselves and half by "the tenants and possessors according to their means and substance." Many writers speak of this Act as if it prescribed a new method of raising the poor-rate, and superseded in this respect previous enactments. But this is an error, confusing the regular poor with the vagabonds and idle, the latter of whom alone are referred to in this Act.¹ A similar division of the charges for poor-relief did come about

¹ Cf. Atkinson *Local Government in Scotland* p. 302, where it is said that the Act "transfers one half of the assessment . . . to the landowners." The memorandum by the Scottish Office presented to the Royal Commission on Local Taxation, C. 8764, p. 95, also fails to draw the distinction. The view in the text is borne out by the wording of the Act itself, and by the judgment of Lord President Hope (*Buchanan v. Parker*, 21st February 1827) who observed: "It is not applicable to the poor in general at all; it ordains all vagrant and idle poor to be apprehended . . . and forced to work, . . . and it is only for this purpose that an assessment is authorised by that Act."

in later years, but not on the authority of this Act, and by that of 1672 the right of the manufacturers is transferred to the magistrates of specified burghs, who are ordered to set up correction-houses for the same purpose and claim the same allowances from the parishes of the vagrants. We have no knowledge of any case in which this levy was made, either for private manufacturers or for the magistrates of the burghs; and from the frequency with which in subsequent years laws were made to enforce the building of correction-houses, as well as from the preambles of the Acts themselves, it may be assumed that they were almost, if not wholly, disregarded. The Act of 1672 gives further confirmation of the general disregard of the provisions for levying a rate for the regular poor. Those who are "unable to work, by reason of age, infirmity, or disease," are to be appointed "places where to abide, that they may be supplied by the contributions at the parish kirks"; and, further, if the church collections are insufficient, these poor people are to be given a token and permitted to beg within the parish. Thus nearly a century after the first provision for a compulsory assessment the burden is still thrown in the first instance upon voluntary contributions in the church, making no reference to taxation in the event of their being insufficient, explicitly mentioning only the licence to beg which a century earlier had been sanctioned only where "collecting of money may not be had." All evidence goes to prove that throughout the seventeenth century church collections, combined with begging licences, remained the general, if not quite the sole, system of poor-relief. Even the magistrates of towns seldom interfered at all, but left the duty to the kirk-sessions within their bounds.

The century closed with years of terrible dearth, and just before and during the "lean years" the Privy Council issued proclamations, afterwards ratified by Parliament, which became an important part of the statutory conditions. Although some dispute arose early in the nineteenth century as to whether these proclamations had not superseded the statute of 1579, the weight of opinion upheld that Act as still the basis of the poor-law, and a careful perusal of the proclamations makes it evident that they presume the existence of the old statute and attempt to enforce its main principles. Yet they introduced new features. The first¹ required the heritors and kirk-sessions of every parish to make up lists of the poor, to decide what sum will be required for relief and for the fee of an official, and "to cast the said

¹ August 11th, 1692.

quota the ~~one-half~~ upon the heritors and the other half upon the householders of the parish." A year later a second proclamation¹ complains that the intentions of the previous one had been frustrated by uncertainty as to the parish of settlement, and lays down rules for determining this. And to prevent disputes regarding collections at church doors, it is determined that half the sum so raised is to be paid over for poor-relief. It further commands the magistrates of royal burghs "to meet and stent themselves conform to such order and custom, used and wonted in laying on stents, annuities, and other public burdens in the respective burghs, as may be most effectual to reach all the inhabitants." Within a year another proclamation² complains that due obedience has not been given, and imposes penalties upon those who have failed to carry them into effect. Finally, four years later,³ another attempt is made to enforce the provision of correction-houses on the lines laid down in 1672. About the same time these proclamations were ratified by Parliament, and no further legislation affecting taxation for poor-relief occurs until almost the middle of the nineteenth century.

The multiplicity of statutes, often by no means consistent with one another, gave rise to many difficulties in later times. We are for the present concerned only with the practice of levying assessments before 1845, and it may be well to premise that in by far the greater number of parishes no compulsory assessment was made during this period, the rule in practice having been that a rate was to be levied in a parish only if voluntary contributions did not suffice.⁴ The General Assembly states that prior to 1700 there were only three parishes in which rates had been levied, that during the eighteenth century there were 93 more, and from 1800 to 1817 not less than 49 had been added. But even in 1837 the number of assessed parishes was considerably less than one-third of the whole number in Scotland, though they contained very nearly one-half of the total population. It was not until 1770 that a poor-rate was levied in Glasgow; Paisley and Greenock followed in 1783, while Edinburgh did not institute one until the very end of the century.⁵

For landward parishes the Act of 1579 had laid down the principle of taxing the inhabitants according to their substance, while the proclamation of 1692 placed one-half upon the heritors,

¹ August 29th, 1693.

² July 31st, 1694.

³ March 3rd, 1698.

⁴ Report of the General Assembly of the Church, 1839.

⁵ An Act of 1592, ordaining that the Act of 1579 be put into execution, adds, "As it hes alreddie tane effect within the partis of the burgh of Edinburgh." But if so, it could only have been used as a temporary expedient.

who may or may not be inhabitants, and the other half upon the householders of the parish, who may or may not be heritors. The proclamation does not say in what manner the moiety is to be imposed upon each, but the Vagabonds' Act of 1663, which had already contained this principle of division, though for another purpose, is more detailed: "One-half to be paid by the heritors either conform to the old extent of their lands within the parish or conform to the valuation by which they last paid assessment, or otherwise as the major part of the heritors . . . shall agree"; while the other half is to be borne by "tenants and possessors according to their means and substance." In the absence of any express stipulation to the contrary, these same principles might be understood to apply to the division under the proclamation of 1692. In practice it was always the rule in levying the first half to include non-resident owners, and they were not liable in respect of such property as inhabitants of another parish, where means and substance was the basis of assessment for the second half. Generally the net rental¹ was taken as the basis for rating heritors, though sometimes the "valued rent" was used. This latter was a valuation made in the middle of the seventeenth century, which became most inequitable in later times, so that the court sometimes interfered and compelled the adoption of real net rental. But it is with the other half of the assessment that we are more immediately concerned. The questions were frequently raised as to who were liable, and upon what principle they were to be rated. A man might be an "inhabitant" without in strictness being a "householder," while a householder in one parish might carry on business or be a "tenant" in another. With regard to a non-resident occupier of land no question ever appears to have been raised, and he was always included in the assessment although he was certainly not a "householder," and might have doubted whether he was an "inhabitant." Practice, confirmed by the court,² held a heritor liable not only for his share of the moiety imposed upon heritors, but also as an inhabitant if he were in possession of his own lands or had personal property. Whether a person occupying business premises in one landward parish and dwelling in another would be liable in both does not appear to have been decided in any very clear manner, but if a non-resident occupier of land was chargeable there seems to be no reason for excluding a non-resident occupier of business premises. As to

¹ *I.e.* the real rent after deducting a percentage for repairs, etc.

² *Cochrane v. Manson*, February 11th, 1823.

the method in which this half was allocated among the householders or inhabitants, it was frequently disputed whether they were to be rated in respect of the immovable property which they occupied in the parish or in respect of their whole substance. Those who favoured the latter interpretation affirmed that since the proclamation formulated no rule it was necessary to refer back to the terms of the Act of 1579, which had undoubtedly brought personalty within the purview of the stent-roll. Within the landward parishes the practice was by no means uniform. The question was raised in the court in 1822, and again in the following year, whether a heritor occupying his own land, who, as we have seen, was held liable in both capacities, could be taxed as an inhabitant upon the whole of his means, or only upon the estimated rental of the property he occupied. In the earlier case the court decided that he was liable as a householder on his means and substance, but reserved the further question whether it included his whole means and substance wherever situated, or only his means and substance within the parish. Meanwhile, the case was settled out of court. In the latter case¹ it was unanimously decided that it included all personal estate wherever situated. In practice, where an estimate of means was taken as the basis, assessors included all property other than lands and houses for which the owners were liable in the parish where they were situated, and besides stock-in-trade, shares, ships, &c., they always appear to have included the incomes due to personal exertion of professional men and artisans, although no case seems to have come before the courts with reference to such incomes. Yet there were many places where the estimate of means and substance was determined on the easy principle of rental, and the courts did not interfere with the practice, simply laying down the rule that if this criterion were adopted at all it must be applied to all inhabitants, and that it was illegal to assess some persons by reference to rental and others in the same parish by reference to means in general. Indeed, in 1797, the court went so far as to affirm that the rental method was preferable, although it was allowed that the assessor could take a direct estimate of wealth instead; but it was never forgotten that the inhabitants' share was intended to be borne in accordance with ability, and when rental was taken it was supposed to be merely a convenient measure of ability. Thus one of the most eminent writers on parochial law,² commenting upon the tendency to adopt rental

¹ *Cochrane v. Manson*, *ibid.*

² Dunlop, "Parochial Law," 3rd Edition 1841 : p. 425.

as the basis, says: "This course can only be followed with propriety where the parish is exclusively town or exclusively landward. For where the inhabitants consist partly of farmers and partly of merchants or manufacturers residing in towns or villages, if the rent of the real property occupied by each be taken as the criterion of his wealth, the farmer who pays a large rent for his farm will be most unequally burdened in comparison with the opulent merchant who only occupies a house in the town or village." In some places where income was taken as the basis those inhabitants who fell below a certain minimum were entirely exempt. It may well be imagined that many difficulties would arise in taxing locally in respect of incomes from personal property and exertion, and we shall refer later to some of those which subsequently caused trouble. An interesting pronouncement of the court¹ in 1827 must, however, be mentioned at this stage. A person having a place of business in a burgh was held entitled, under an Act relating solely to burghs, to some relief because he lived outside the bounds; but at the same time this was held to be inapplicable to landward parishes, and an inhabitant of more than one, it was definitely stated, was liable in both places on his whole means and substance. Probably the fact that the great majority of parishes levied no poor-rate left very few cases of such double taxation.

The proclamation of 1693 lays down the rule, if indeed it can be so called, for burghs. The magistrates were to stent themselves for poor-relief in the manner "used and wonted in laying on stents," in the particular burgh. Consequently, if any poor-rate was levied at all, the system adopted was in no case exactly the same as that used in another burgh. Sometimes the whole of the tax was levied from owners of immovable property on the basis of rental; in other cases half was levied from owners, half from occupiers; in others the occupiers alone were rated, and in still others the inhabitants were rated on an estimate of their means and substance. Hence it is scarcely possible to venture upon generalisations respecting burgh poor-rates before 1845, and as local usage was all-important, a legal decision for one town might have no application elsewhere. In the case last referred to² a non-resident occupier of business premises was held liable to rates in Glasgow in respect of his stock-in-trade, this being the custom of that city regarding non-residents; but persons who dwelt in Glasgow were liable in respect of their whole

¹ *Buchanan v. Parker.*

² *Ibid.*

means, excepting land in another parish. Another case¹ almost at the end of the period before the reform shows that difficulties existed where a burgh and a landward district were within one parish. In such circumstances the burgh sometimes supported its own poor and the landward district did the same, and by such division rating difficulties in a mixed area with different classes of occupiers were minimised. In other cases the poor had been managed by one authority, but a fixed percentage of the cost contributed by the burgh. The Court of Session had permitted such separate treatment, but the House of Lords reversed the decision, and held that the whole area must be dealt with as a single parish.

The Act of 1845, based upon the recommendations of an important commission which had reported in the previous year, established parochial boards (now parish councils) over the whole country, urban and rural, but still left it optional for them to impose an assessment or continue to rely upon church collections and voluntary contributions.² If a board determined to resort to taxation a very wide option as to methods was granted by the Act.

(i.) One-half could be imposed upon owners and the other half upon occupiers of lands and heritages according to the annual value.³

(ii.) One-half could be imposed upon owners of lands and heritages according to the annual value, "and the other half upon the whole inhabitants, according to their means and substance, other than lands and heritages situated in Great Britain or Ireland."

(iii.) The assessment could be "imposed as an equal percentage upon the annual value of all lands and heritages within the parish or combination,⁴ and upon the estimated annual income of the whole inhabitants from means and substance other than lands and heritages."

(iv.) If at the time (1845) a parish imposed a poor-rate under a local Act, or according to established usage, the method of assessment could be adopted by the new authorities.

Further, if the first of these methods were adopted, the lands and heritages might be "divided into two or more separate

¹ Magistrates of Dunbar v. Duchess of Roxburgh, 1835.

² If an assessment were determined upon the church collections were henceforward to be at the disposal of the kirk-sessions.

³ The annual value is defined in section 37 as the *net* rental, after deduction for repairs, insurance, etc.

⁴ Parishes were permitted to combine, but the power has been little used.

classes according to the purposes for which such lands are used and occupied," and the rate upon occupiers (not upon owners) varied with reference to such classification. This provision arose out of the view that rents did not always bear a sufficiently close relation to the means and substance of the tenant. Whatever method was adopted and whatever classification was made required the sanction of the Board of Supervision (now Scottish Local Government Board) instituted by this Act; but the central department had no initiative in the matter, and could not require that any one particular method, or that any classification at all should be adopted. And the local body was at liberty to abandon a classification on its own initiative, though in other respects a method once adopted could not be departed from without the permission of the central board. The Act also exempted from assessment on means and substance those whose incomes did not exceed £30 per annum, and a person liable in more than one parish had the option of determining in which he would be assessed on means and substance "other than means and substance derived from or relating to the occupancy of lands and heritages, or the carrying on of trade or business in premises within any particular parish." As to these latter, he was liable in the parish in which the lands, heritages, and premises were situated.

The number of assessed parishes rapidly increased, the first method of assessment being adopted by the great majority. Up to June, 1847, 558 had resolved to adopt an assessment, and of these 431 chose the first method—76 of which were "classified"—37 the second, 34 the third, and 56 were continuing established usages. But by 1853, although the number of assessed parishes had increased to 680, the figures show a diminution in those rating on means and substance, and a greater concentration upon the method of rental, with or without classification for occupiers.¹ By 1860 this was still more marked, for, while 752 parishes were assessed, only 25 used the second and third methods, and therefore rating on means and substance was gradually disappearing, although no legislative discouragement had so far taken place. In the next year, the Poor Assessments Act, known as the Baxter Act, was passed, the effect of which was to abolish rating on means and substance *in the parishes where it had been introduced since 1845*, and to withdraw the option of methods (ii.) and (iii.), requiring instead in the parishes affected the substitu-

¹ The figures for 1853 are :—First mode 567 (of which 110 were classified); Second mode 29; Third mode 35; Fourth mode 49.

tion of the first method along with a classification which cannot be departed from without the consent of the central board. Some few parishes, however, still retained the system by right of usage previous to 1845, the last to maintain it being Greenock, where it survived until 1880 on a curiously progressive scale.

		s.	d.			s.	d.
£35	annually, was assessed at	3	0	£65	annually, was assessed at	13	6
40	" " "	3	6	70	" " "	16	0
45	" " "	4	6	80	" " "	19	0
50	" " "	6	0	90	" " "	23	6
55	" " "	8	0	100	" " "	30	0
60	" " "	10	0				

Any sum above £100 was assessed at £2 5s. per £100.¹ It seems to have been held by the parochial board of Greenock that arguments for the exemption of a minimum, as prescribed by statute, were equally valid for progression at least up to £100 of income, though the scale seems somewhat arbitrary.

There were, subsequent to 1845, a number of cases before the courts concerning the rating on means and substance, and perhaps the most important from our point of view were those which were concerned with the localisation of income when an individual was an inhabitant of more than one parish. It is interesting to learn that even a workman was found liable to assessment in the parish in which he earned his wages, although he dwelt in another,² and it is not surprising, therefore, that a manager of an insurance company³ was liable in the parish where the offices were situated, so far as his salary was concerned, and that a procurator-fiscal⁴ had likewise to pay in the parish where his chambers were. Everything seems to have been done, so far as lay in the power of the courts, to bring about a clear and definite system of rating means and substance, but it gradually disappeared nevertheless, because it was entirely unsuited to local assessment. An inhabitant who was a shareholder in a railway company was rated on his income, but there was no legal power to rate a railway company, harbour, or water authority, partly or wholly within the parish, on means and substance. It was impossible to adopt any system of taxing at the source, which is one of the strongest features of our national income-tax. It was also impossible to obtain correct information, so that complaints of unfairness in levy were common; and an income-tax without any proper machinery for ascertaining income can never be

¹ C. 9819 § 14298—4.

² Walkinshaw, Nov. 29th, 1850.

³ Napier, Dec. 18th, 1851.

⁴ Salmon, Dec. 18th, 1851.

satisfactory.¹ It may well be imagined, too, that the system was very oppressive and inquisitorial, for if the estimate or guess of the parochial authority respecting the income of an inhabitant were excessive, the only remedy was a disclosure of his affairs to a local body of neighbours. There were other anomalies connected with the difficulty of localising income, the best known instance of which is that of Lord Chief Justice Campbell, "who drew his £10,000 a year in London, but had a small place in Scotland,"² and was made to pay the local income-tax on the whole of his income. In spite of the attempts of the court it appears to be impossible wholly to correct such anomalies save by exempting all incomes not earned within the parish, and so in effect abandoning the basis of total income, and retaining only a partial form of it which would lead to still worse anomalies. One of the reasons why Greenock retained the system so long was that many wealthy persons, such as shipowners, did their business in small offices and would bear a small part of the burden if rental were the basis, while shopkeepers and the working-classes would, it was said, bear a disproportionate share.

But though the attempt to assess on means and substance, after it had received reasonable trial, failed to give satisfaction in Scotland, the principle of ability was not entirely abandoned or wholly merged into the easier system of rental. If the progressive taxation exemplified in the case of Greenock and the exemption of small incomes of the Act of 1845 may be taken as representing the opinions of the people on the equity of rating for poor-relief, one wonders why a corresponding desire for rating occupiers of small houses at a lower percentage than those of large houses did not make itself felt when rental was taken as a primary index of means. But such a principle does not seem to have been recognised in connection with poor-rates, although it exists to this day in the burgh-rates of Glasgow. In 1822 Greenock had exempted *proprietors* of houses under £6 yearly rent from the owners' half of the assessment, and were it not that all rating legislation in Scotland has proceeded on the assumption that rates "stuck where they fell" in the absence of statutory powers of

¹ One of the seven commissioners of 1844 (Mr. Twisleton) assigns this as a reason for not signing the majority report which did not recommend any change in methods of rating: "The usual mode of levying the rate on what is called 'means and substance,' is similar in its main features to the income-tax, but it is unaccompanied by those safeguards with which the levying of the income-tax has been surrounded by the wisdom of Parliament. Either, therefore, safeguards should be introduced for the purpose of ensuring secrecy and fairness, or the attempt to assess supposed means and substance should be abandoned."

² Goschen, *Local Taxation*, p. 204.

deduction, one might be tempted to see in this a theory of incidence. The tendency to divide mixed parishes into separate urban and rural portions before 1835 did, however, represent an attempt to overcome the difficulty—among others of an administrative nature—of rating on a uniform basis of rental the occupiers of different kinds of property which were not considered an equal index of ability; and the system of classification¹ permitted by the Act of 1845 was obviously meant to bring the first method of assessment into correspondence with the means and substance of the second and third methods if the parishioners were not sufficiently homogeneous. In other words, classification was based upon the view that in parishes which contained different kinds of property the rents did not adequately represent the ability of the inhabitants, and that those (*e.g.* farmers) whose rents were high in proportion to their income should obtain corresponding relief. By the Baxter Act a few parishes² were compelled to adopt a system of classification on abandoning rating on means and substance, while all other parishes could introduce it with the consent of the central board, which was very seldom withheld, even when the particular scheme of classification drawn up by the parochial authority was of questionable propriety.³ The central department from its inception attempted to foster the method by advice. The First Report of the Board of Supervision says: "In a parish which was wholly urban or wholly rural, where the property was of one denomination, the rent paid by the tenants of land in the one, and of houses in the other, offered a ready means of estimating with tolerable accuracy the means of each inhabitant. . . . But in parishes partly urban and partly rural an equal rate laid upon all tenants in proportion to their rents would have fallen upon the two classes very unequally in proportion to their means." Even in wholly urban parishes an equal rate, without classification, would fall unequally, "for shops are presumed to represent a smaller amount of means in proportion to the rent paid for them than dwelling-houses." Again, in 1868, a circular of the Board is still more emphatic: "Assessment for the relief of the poor was originally established on the equitable principle that everyone should contribute in proportion to his income, and that principle has never been abandoned." The circular proceeds to

¹ Classification only applied to occupiers' rates, but sometimes it has been illegally applied to owners also.

² Twenty-two in number.

³ Many parishes had but two classes, agricultural land and other property; others had three, four, or five, or more classes, and varied greatly in the relative positions of different kinds of property in the scale.

advocate classification as the only equitable principle, now that the Baxter Act has taken away the methods of direct assessment on means and substance save in a very few parishes. Down to 1895 the same advice was constantly given: "Wherever there are different classes of property a classification is expedient. . . . The rate on agricultural or pastoral subjects ought not to exceed one-third or one-fourth of the rate on dwelling-houses. In the intermediate class or classes, shops, manufactories, railways, mines, quarries, and similar subjects are included."¹ It was the general belief at one time that if a parish had adopted a classification it could not be abandoned without the consent of the central board; but in 1889 the court decided² that this applied only to the parishes under the Baxter Act, and thereafter the number of classified parishes, which had never been so high as one-fourth of the whole,³ declined somewhat to under one-fifth in 1896, and some of these were very unprincipled, while others had called for judicial decisions by careless drafting. Dissatisfaction with a particular form of classification was not infrequent, and a chance majority on the local body sometimes abandoned a system suddenly to the injury of many. The parochial unit is too small to be entrusted with such an option, and so it was often suggested that the system should be made compulsory with a statutory classification as the best available means of keeping in view the principle of ability. The relief given by it to agricultural occupiers appears to us to be very questionable, too, so long as the great majority of parishes refused to adopt the system; for if in one parish they paid rates to the extent of only about one-fourth of those paid by neighbours in surrounding parishes the differential advantage would tend to accrue to owners rather than to occupiers. The Agricultural Rates Act, however, introduced a disturbing element; or perhaps it may be more proper to say that it effected partially and temporarily, though not in the best manner, the purpose which compulsory classification was meant by its advocates to serve. In the unclassified parishes the occupiers of agricultural lands and heritages⁴ are relieved to the extent of five-eighths of their parochial rates; in classified parishes where the existing scheme already relieved them to an equal or greater extent, a certificate from the Secretary for Scotland per-

¹ Circular of the Local Government Board, 30th Oct. 1895.

² *Bruce v. Ratepayers of Fordoun*.

³ Of course in a parish containing only agricultural land and heritages classification served no purpose. Very many of the unclassified parishes were of this character.

⁴ There is no distinction for this purpose between the farm-house and the land as exists in England.

mitted its continuance; and where the former relief was not equal to the new the classification is suspended, and no new scheme can be adopted during the continuance of the Act. Thus while the system has not quite ceased to exist it is now of little importance, for if a parish abandons its scheme the agricultural occupiers are still relieved by the operation of the Agricultural Rates Act, though occupiers of shops, if formerly classed separately, would suffer by the change.

STANLEY HORSFALL TURNER

ALIEN TRANSMIGRANTS

IT is safe to assume that it will come as a surprise to most men that nearly a million aliens have left England for non-European countries alone in the six years from the 1st of January, 1900, to the 31st of December, 1905. The exact number was 967,682, the figure for last year, which established a record, being 188,422. Since by no stretch of imagination can it be contended that these hundreds of thousands of foreigners have come from the alien community that is settled in the United Kingdom, it is obvious enough that most of them—nearly all, as will be proved by the Board of Trade figures—are strangers who have arrived here but for the purpose of continuing their journey to other lands, America principally. They are but birds of passage, alien transmigrants who have put hundreds of thousands of pounds into the coffers of our shipping and railway companies and into the pockets of our tradesmen.

These great facts were overlooked by the anti-alien agitators, who successfully engineered and carried through that extraordinary piece of legislation, the Aliens Act of 1905.

The alien agitation was worked up chiefly on the monthly lists, published by the Board of Trade, giving the numbers of foreigners who arrived from the Continent. These were placed before the public in undigested form to glut the insatiable craving for big figures which the agitation fostered. From the Board of Trade offices the return went forth regularly month by month, and could be purchased by anyone for a halfpenny, although, as a rule, there was no need for this, owing to the promptness with which the newspapers reprinted the figures. But another return that was issued from the Board of Trade was steadfastly overlooked, and, for all the attention which it obtained, might just as well not have been published. It was the monthly statement of the numbers of natives and foreigners who left the country for places out of Europe, and its overlooking was inevitable. It

was not a printed sheet, and could not be purchased either for a halfpenny or any other sum. This return was issued on a sheet about twice the size of foolscap; moreover, it was lithographed, and its cumbrous form and curious appearance rendered it inevitable that the few who were privileged to see it should regard it as an unintelligible official document that had no significance. The only places into which it seems to have found its way were the London newspaper offices. And yet those who professed to have studied the alien question cannot be absolved from the charge of having ignored this all-important return, which showed that there was an outflow as well as an inflow of aliens. The return was reprinted, in abbreviated form, in the official publications *The Board of Trade Journal* and the *Board of Trade Labour Gazette*, two valuable penny periodicals, the former published weekly and the *Gazette* monthly, which never seem to have received proper appreciation from the public.

The extraordinary ignorance with regard to this emigration return was strikingly illustrated during the second reading debate of last year's Aliens Bill. Mr. Emmott, one of the members for Oldham, did me the honour of quoting, from an article of mine in the *Manchester Guardian*, that while the Home Secretary had called attention to the increase of 14,000 in the number of immigrants in the first three months of last year, he had omitted to mention that the foreign emigrants who had left the United Kingdom in the same period had increased by 15,000. Promptly, Sir Howard Vincent interrupted with a request for the source of that information. Mr. Emmott mentioned my signed article in the *Manchester Guardian*, and paid me a flattering compliment for my grasp of the subject. I was amazed that Sir Howard Vincent, the chairman of the "Committee of Members of Parliament on Alien Immigration," should be unaware of the figures, and I wrote to him, pointing out their official source. Sir Howard's ignorance of the actual facts explained his mischievous memorandum of August 10th, 1901, to the late Lord Salisbury, which stated that 233,966 aliens arrived for sojourn between January 1st, 1897, and July 31st, 1901. It was apparent, also, that this remarkable ignorance was at the root of the amazing statements as to the number of alien settlers by the then Home Secretary, Mr. Akers Douglas, who was in charge of the Bill, and I approached Mr. Maurice Levy, the member for Loughborough, with a request that he should put down a question suggesting that the Cinderella emigration returns should be brought into the official light of day in the form

of a monthly Parliamentary return, price one halfpenny, together with its ugly sisters, the immigration figures. I pointed out that the two were really one return, and that the Board of Trade already admitted this by combining them in its annual report on emigration and immigration.

Mr. Levy kindly put the question, and, as a consequence, Mr. Bonar Law, who was then the Parliamentary Secretary to the Board of Trade, promised, on June 29th last, that the emigration return would be issued, and since last July this has been done. It was too late, however, to undo the mischief, and Mr. Bonar Law did his utmost to discount the effect of the emigration figures by asseverating in the House of Commons on July 3rd—a few days later—that the figures of the outgoing foreigners had nothing whatever to do with the statistics of those who came in. Anti-alienists appear to be incapable of grasping the fact that British vessels are the omnibuses and the railways of the seas, and that England itself, owing to its unrivalled position and plenitude of coast line, is a kind of international Clapham Junction for the reception and distribution of passengers to all parts of the world.

In the following table the figures are given of the number of aliens who arrived from the Continent, the number of foreigners who left England for places out of Europe, and also the number of foreign seamen, who are enumerated on arrival, but not on leaving, among the crews of outward-bound vessels. The Board of Trade returns admit that very few of these men are prospective settlers, and that practically all of them should be deducted from the arrivals, and this is borne out by the last census report, which stated that nearly all the foreign seamen enumerated—19,695—were on ships in English ports at the time.

	Alien arrivals from the Continent.	Aliens who left England for non- European countries.	Foreign seamen.
1900	149,137	124,722	14,950
1901	149,750	124,354	15,146
1902	200,011	174,291	15,962
1903	207,191	181,539	13,432
1904	194,986	174,354	12,863
1905	196,587	188,422	13,793

By deducting the number of those who left and the foreign sailors from the arrivals, some idea of the extent of the annual influx may be obtained, and it will be seen to be very small. It is, however, even smaller than here shown, for, as will be ob-

served, the figures do not include alien arrivals from non-European countries and alien departures to Europe. When these are taken into account, as they are in the annual report on Emigration and Immigration, the actual influx is shown to be exceedingly small. For instance, in 1904 the influx is admitted to be but 1,046,¹ from which figure the foreign seamen have still to be deducted, showing a decrease, and not increase, in the alien population for that year, without taking deaths into account. And in 1905 there was actually an efflux of 4,837,² and this *without deducting the foreign seamen*. This all-important fact, the kernel of the report, however, is so hemmed in with other matter each year that unless one is well versed in the peculiarities of the official papers, it is bound to escape detection. The point to which I wish to draw attention here, however, is the great and increasing volume of transmigrant traffic. A mere glance at the figures shows how large and growing a proportion is the outflow compared with the inflow, and how one fluctuates with the other. This latter fact is more particularly demonstrated by the monthly returns. If the influx from Europe shows an increase, so does the outflow to places out of Europe, and *vice versa*. And this great fact—on the concealment of which the fabric of the anti-alien agitation was mainly erected—was admitted in the annual reports for the year 1903 and 1904, which stated³:—"It appears, therefore, that the majority of the foreign emigrants to places out of Europe had arrived in the United Kingdom from the Continent within the year." But immediately following the statement, in each report was a table showing 69,168 alien immigrants not described in the monthly lists to be *en route* to other countries in 1903—the obvious inference, of course, being that all not *en route* were settlers. The table also showed that the number had increased from 66,471 in 1902 and 55,464 in 1901.

That phrase "not described as *en route*," and the numbers attached to it, which grew in 1904 to 82,845, were the mainstay of the agitation, and were used by the Home Secretary and others in the House of Commons to push along the Bill. A method more unfair was never used in that assembly. In the first place it was admitted in the reports that many of those who came within the unfortunate phrase were transmigrants, and no fewer than 7,697⁴ in 1904 and 8,440 in 1905⁵ were ascertained by the Customs officers to have proceeded forthwith to other countries,

¹ H. C., 1905—137, page 10.

² H. C., 1906—149, page 10.

³ H. C., 1904—145, page 11, and 1905—137, page 11.

⁴ H. C., 1905—137, page 11.

⁵ H. C., 1906—149, page 10.

although not so entered on the alien lists. Another remarkable fact, which has never been explained, is that all alien immigrants arriving in London are classed under the unfortunate phrase. This is admitted in par. 85 of the Alien Commission's Report.¹ The last annual report on Emigration and Immigration shows that in the five years 1899-1903 over 163,000 aliens arrived in London, and of these only 47 are described as being *en route* to other countries! Could anything be more grotesque?—only there is grim tragedy in this reckless farce. Some improvement was effected in 1904, when, out of a total of 51,000 odd arrivals in the year, 2,005 are stated to have been transmigrants.² Why, something like that number of Russian reservists and deserters were dispatched from the Jews' Shelter in Whitechapel within a few days of their arrival in the last month of the year alone. In 1905 the old reckless method prevailed again, and only 95 transmigrants were enumerated out of 43,000 arrivals.³ The new arrangement for collecting the figures under the Aliens Act show that in March alone of this year 2,245 known transmigrants passed through London. The serious result of the neglect on the part of the Board of Trade to collect the real figures lies in the circumstance that, after Hull, more aliens arrive at the Port of London than at any other, and that the vast majority of those who arrive at the Metropolis make it but a place of call. A few years ago the fares from England to America were cheaper than from the Continent, owing to the action of the Continental Shipping Ring, and this was mainly responsible for the fact that thousands of emigrants re-booked on arrival in England. Subsequently, the traffic *via* England continued, owing to the greater facilities here, and owing, also, to the better treatment on English ships. In February of this year the Medical Officer of Health for the Port of London once more called attention to the filthy conditions under which aliens are herded on some Continental vessels.

In one vessel, carrying 305 alien steerage passengers, the vessel was in a filthy and offensive condition. The available air space per head was only 60 cubic feet and floor space 8 square feet. There was no provision made for the separation of the sexes. The ventilation and lighting were unsatisfactory, the sanitary provisions insufficient, and in the event of bad weather the passengers would be confined to their quarters, as the after main deck was entirely occupied by

¹ *Cd.*, 1741.

² H. C., 1905—137, page 42.

³ H. C., 1906—149, page 40.

horses. In another vessel, from Libau, with 234 steerage passengers, the state of things was even worse. The whole of the after deck was occupied by 147 Russian ponies. The medical officer recommends that the facts should be reported to the Board of Trade and the Russian Consul-General in London.¹

And in these foul places, I may add, are women and children medically examined on arrival in this free country. No accommodation is provided on shore for the purpose. In his book, *The Closed Door*,² Mr. R. H. Sherrard, one of the most extreme of anti-alien writers, has detailed his personal experiences of the fearful condition of a foreign emigrant ship.

The Russian refugee in particular firmly believes, and not without cause, that he stands a much better chance of admission to America by arriving on an English boat, and a break of the journey here enables him to recover from the terrible hardships which he has to undergo in fleeing from the Continent. There he is treated more like an animal than a human being. Sometimes he is not able to take off his clothes for a whole week, and it is only when he first steps on English soil that he understands—or did until the beginning of this year—the real meaning of that vague, but wonderful word, freedom. Proof of the existence of the large volume of transmigrant traffic through London, which is officially ignored, is to be found in the extraordinarily large number of shipping agencies which have sprung up in the East End in recent years. It was pointed out to the Alien Commission by the late Mr. Hawkey, the Customs' Examining Officer, who had the handling of the immigrants, and who understood Yiddish and some Polish, that the transmigrants frequently paid their fares to agents in Russia, and received from them tickets for London and the address of an agent in the Metropolis by whom they were handed their tickets for America. Mr. Hawkey explained in detail the reason for this, and his remarks are of interest as showing the methods of the German companies in fighting British competition, and also how they were outwitted by Russian agents.

The German companies, the North German Lloyd and the Hamburg-American Line, have ships going to America, and these passengers might go by their ships, and if they do not go by their ships, the Hamburg-American Line and the

¹ *Daily News*, February 14th, 1906.

² Digby, Long and Co., 1902.

North German Lloyd do not get any benefit from them. Therefore they object to their coming through, I understand. There was an arrangement come to in 1895 by the Trans-Atlantic shipping companies, both English and foreign, by which they agreed, I believe, that the foreign companies should charge £7 10s. for the steerage passage to America and the English companies should charge £5 10s. from London or any port in England to America, and the German companies would pay the balance into a common fund, which was to be divided amongst all the companies, and in return for this concession the English companies were not to book foreign passengers who had not resided six weeks in the United Kingdom.

Now, these foreign agents book these passengers in Russia, send them through Germany clandestinely to London, and then, instead of this £2 balance going into the common fund, it is put into the agents' pockets.¹

The Beaver Line, which existed then, and was not in the arrangement, enabled passengers to proceed at once, and others were in the habit of stating that they had been here six weeks, and, if necessary, of changing their names, so that they should not be delayed. Then came the rate war, and its effect is shown in the table of arrivals and departures already quoted. . The falling off in the number of alien arrivals in 1904, the year of the rate war, was due to the fact that the emigrants could travel direct from the Continent as cheaply as they could from England, but the details of the figures show that, notwithstanding the decrease in the number of aliens who left England, the numbers who left for America increased from 127,225 to 144,125, thus proving, what was contended at the time, that large numbers of those who had settled here availed themselves of the opportunity to leave for the United States. The falling off in the alien departures from England was entirely due to Canada taking some 17,000 less than in 1903, and South Africa some 7,000 fewer. Here are the figures for the two years² :—

	To Canada.	S. Africa.	Australasia.	Other British possessions.	United States.	Other foreign countries.	Total.
1903	39,648	12,614	196	444	127,225	1,417	181,589
1904	21,917	5,458	294	474	144,125	2,086	174,354

Apart from the many agents in the East End of London for the purpose of dealing with the transmigrants, the Jews' Shelter,

¹ *Minutes of Evidence* (Cd. 1742, Answers, 1431-2).

² H. C., 1905.—137, pp. 29 and 30.

which, by the way, admits men of all religions, has practically developed into a dispersion centre. Founded in 1885 for the purpose of protecting alien arrivals from dockyard sharks, and to provide transmigrants with a temporary hotel, it is a semi-charitable institution, which, by the aid of the shipping companies, is self-supporting. Every discouragement is offered to intending settlers, and every possible facility afforded to immigrants to leave the country. The institution now acts as its own shipping agent, and since its establishment many thousands have been despatched for America, Canada, South Africa, and the Argentine. The Shelter bore practically the whole brunt of the abnormal rush of refugee Russian deserters at the end of 1904 and the beginning of 1905 without appealing to the public, and, in fact, the only public appeal which it has made was for funds for the new building, which is now nearing completion. The lack of such an institution in Liverpool compels the shipping companies to make use of the local workhouse as the hotel of some of the waiting travellers. The accommodation is paid for, but although the number of such boarders is stated in the Poor Law returns, given in the annual reports on Emigration and Immigration, it is seldom deducted by those who quote the figures. The late Home Secretary apologised once in the House of Commons for stating, in introducing the Bill of 1904, that the annual influx was 80,000; but this did not prevent him repeating the statement in the following year, and adding 10,000 to the number by way of emphasis. And it is worthy of mention—although it is possible that this is a mere triviality, due to a clerical or a printer's error—that in the report of Emigration and Immigration for 1904, issued a day before the second reading of last year's Bill came on, the number of the aliens left in this country after all incoming and outgoing traffic had been taken into consideration, was stated to have been 19,000 in 1903 (the previous year) instead of 14,000. The mistake was rectified two or three days later, but the figure had already been used in the debate, and had succeeded in giving a false impression to so astute an observer and keen student of the question as Sir Charles Dilke. It may be remarked, *en passant*, that the figure 14,000 is stated in the report to be still subject to the deduction of the 13,000 odd foreign seamen arriving in 1903, thus showing that the actual influx of aliens in that year was less than a thousand. Under the circumstances, the Board of Trade return, owing to the facility it offers for arriving at an absolutely wrong conclusion, calls for immediate simplification. It may have been another coincidence, but on

the very day on which the last Aliens Bill was introduced into the House of Commons the Hamburg-American and North German Lloyd steamship companies published their reports of the alien immigrants rejected at the German ports and prevented from leaving there for the United States in 1904. It is left to be assumed that these rejections are "dumped" down in England. These reports received much more attention than did an English report—that of the Liverpool Steamship Owners' Association—earlier in the year. This body represents a tonnage of about three and a half million, and its reference to the alien agitation concluded:—"The transit trade in emigrants is carried on in the face of very keen competition, and it is of the utmost importance that no obstacle should be placed in the way of such trade." The report for last year, lately issued, expresses satisfaction with the provisions of the Bill for the safeguarding of the transmigrant traffic, but it will be interesting to see what the association has to say next January after a year's working of the measure. Interesting, also, and instructive should be the official report.

It was stated during the committee stage of the Aliens Bill that notices were even then being posted at Russian and German railway stations drawing attention to the English measure, and advising intending emigrants for America to book direct by German lines and avoid England.

That they are doing so is further proved by the decrease which has already taken place among the East End shipping agents. The shippers, too, are also beginning to complain thus early. A London passenger agent is reported as saying¹:—"The Act is driving away our passenger traffic, and causing us no end of anxiety. The promoters of it have struck a heavy blow at the British shipping industry, and we are hoping to see it soon altered." And the *Daily News* of February 15th had the following:—

Our shippers are losing the great emigration traffic to Canada, the United States, the Argentine, and other countries which formerly, by reason of lower English rates, touched our shores. Making the most of hindrances and rejections under our Aliens Act, the German lines are securing the business. In some cases they are granting a bonus to English companies who undertake to carry no steerage passengers to Canada who are not of British birth. That bonus

¹ *The Tribune*, January 29th, 1906.

is adequate compensation for the time being, but will it be continued when the traffic has accustomed itself to the new channels?

More specific was a statement in the *Daily News* of July 6th that a big steamship combine was being organised in Finland with the object of conveying emigrants direct from the Baltic to Canada.

Not only shippers and their agents are suffering. The tentacles of the Aliens Bill are far-reaching, and woe betide the peace of mind and the trade of all who are caught in their clutches. For example, Mr. Baker, the European manager of the Canadian Pacific Railway, complains of the additional trouble and responsibility cast on those who have to do with the regular conveyance of emigrants between Europe and America. The emigrants pass through England from Grimsby to Liverpool; on the way they have to be guarded like convicts, lest they escape. The company has had to place guaranteed bonds up to £10,000 with the authorities to cover possible fines. All this imposes cost and trouble on the nation in providing extra police and inspectors, and on shipowners in examining and looking after their passengers. There is also direct evidence of the failure of the Bill to safeguard the transmigrant traffic. The *Jewish Chronicle* of February 2nd called attention to the case of five men who were rejected, after appeal, although they produced their tickets for America. The tickets had been bought in this country, and the unfortunate travellers were excluded simply because they could not state where they had been purchased. Nothing of this kind of persecution is permitted by the Bill, and the incident points to the necessity of inquiry. It is not within the scope of this article to go into details of the hardships inflicted by the rejection of genuine political and religious refugees, of cases where passengers have been refused admission, although their friends produced the necessary money, of the instance of a deserter sent back to certain death because his brother arrived an hour late with the £5 ransom, and of the four deported men who were kept under lock and key for five days on the *Silvia*, simply, according to *Lloyd's News* of January 30th, because the Port of London had not thought it necessary to provide a shed and receiving house. Already we seem to be drifting towards the disreputable state of affairs mentioned in the report of the Governor of Darlinghurst Gaol, New South Wales:—"The Alien Restriction Act is responsible for the reception of seventeen persons who

can scarcely be classed as criminals, but they undergo the same discipline and disabilities." The workhouse as the poor transmigrants' hotel is bad enough, but this is the prospect for the future opened up by such alien legislation as the Bill of last year, and British rule already provides a precedent! Enough to make mere mention of but a few of the hard cases that accumulated in one short month of the working of the Act, to show how our national reputation is being dragged in the mire, and how our shipping trade is being crippled.

And for what? For 168 rejections in the first three months of this year out of a total of 48,801 steerage arrivals.¹ This gives the insignificant percentage of '3. And since the issue of instructions to ensure the admission of persecuted refugees, the number of exclusions has fallen even below that figure. The estimated annual expenditure under the Act is £24,000, and if 300 aliens are rejected this year—an outside estimate, under the circumstances—it will be at a cost to the British taxpayer of £80 per head. The first quarter's return as to arrivals also shows that the steerage passengers landed in London have fallen from 11,408 in January, February, and March last year to 6,586 in the same period of 1906. The number of arrivals in London in 1905 was 43,447, and in 1904, 51,556, giving an average for each month of over 3,600 last year and of nearly 4,300 in the previous year. It may be deemed a matter of no consequence, and even of satisfaction, that the Port of London should show so large a decrease in the number of foreign arrivals, since it is known that nearly all the aliens who come to London by boat travel in foreign bottoms. But at other ports the opposite is the case, and the total divides itself almost evenly into two parts. Mr. Bonar Law supplied the following figures in an answer, on July 3rd last, to Mr. H. A. Bright :—

	To London.	To other ports.	Total.
Brought on British ships	2,180	93,283	95,463
Brought on Foreign ships	49,376	50,147	99,523
Totals for 1904	51,556	143,430	194,986

But even if the whole of the immigrants were brought by foreign vessels, it must be remembered that they leave mostly by English boats, and that the English railway companies benefit by the heavy traffic across from Grimsby and Hull to Liverpool, and from London to the latter port and Southampton.

Ill-conceived, undigested, and in no way understood by those who framed the measure, the Aliens Act was rushed through

¹ *Q. J.* 2964.

hurriedly by means of the closure and without sufficient consideration, although it was shown during its few days in committee that its consequences were likely to be more far-reaching than its most enthusiastic admirers had imagined. Ostensibly aimed at protecting British workmen, but cynically withholding from them the little help which could have been afforded by Mr. Keir Hardie's amendment to prevent the entry of contract labour during periods of trade disputes, it is already proving a bounty to the foreign shipper, and has delivered a blow at a great British industry from which it must be saved ere it is too late. And this apart from all moral and human considerations.

It is the duty of the new Administration to annul the Act at the earliest possible moment—all but the provisions for the exclusion and expulsion of those who are lunatics, who are suffering from disease, and of criminals. Only this part of the measure is necessary. The rest is a heritage that is a veritable Pandora's casket. And the manner of handing over the bequest was in keeping with the whole agitation and with the passing of the measure. The arrangements for its enforcement and for its continuation were placed in the hands of Mr. Haldane Porter, whose connection with Major Sir William Evans Gordon as his secretary, and whose own writings on the alien question, put him outside the category of unbiassed men. This is only one of the many things calling for immediate inquiry and reform.

M. J. LANDA

MARSHALL AND EDGEWORTH ON VALUE.

IF it be but a futile intellectual pastime to fight moribund theories, there can be no doubt as to the necessity and expediency of subjecting to a rigorous inquiry such scientific views as now hold the field and derive influence and prestige from the eminence of their upholders. Among such doctrines in our own field of knowledge there is none more prominent than the theory of value, concerning which there have recently been advanced by eminent thinkers certain opinions with which I am unable fully to agree.

I allude more especially to the views of Professors Edgeworth and Marshall, in which they attempt to show that market value is indeterminate by its nature.

Professor Edgeworth¹ takes the case of two producers who are mutually competing, but who are protected from all other competitors, whether these be producers, or buyers of their special commodities. Under such conditions, he says, one of the two producers will immediately offer his wares at such a value as will insure to him a maximum of profit. But then the other competitor will hasten to offer his wares at a little lower value, to undersell his rival, and will offer his stock at an ever-diminishing figure, so as not to fail in disposing of the whole of his stock. At this point the value will have sunk to its lowest limit. But then the other producer, knowing well that his competing rival can lower his price no further, will offer his own produce at a higher price. Thus it will go on, till they have returned to the starting point; and from this there will be another descent to the minimum value. In this fashion value will oscillate perennially between a maximum and a minimum, without ever being able to attain a level of stable equilibrium. Now the condition of things which is here assumed is in substance a dual monopoly; in other

¹ *Economic Journal*, 1897, pp. 23-24. See also Bertrand, *Journal des savants*, September, 1883; and Cournot, *Principes de la théorie de la richesse*, cp. vii.

words, it is assumed that the production of a given commodity is monopolised by two producers only. Well then, it seems to me that, in such a case, the general law of monopoly-value will operate in the most simple and obvious manner; and that is, that the two monopolists, instead of carrying on an unprofitable war of cheapening and heightening prices, will settle the value between them, a value which will assure to their collective capital the maximum profit. And such value will be unique and strictly determinate.

Professor Marshall¹ also affirms that the market value of the commodities is indeterminate, because many values may satisfy the law which governs them. As he puts it, let there be A, producer of a, and B, producer of b, mutually exchanging their own commodities. A begins by offering 7 a for 65 b; and let us grant that, at this value, B acquires exactly 7 a, neither more nor less. This means that the value, $7 a = 65 b$, perfectly satisfies the conditions of the balance of exchange. But we may suppose that the first to make an offer is not A, but B, and that he offers 44 b for 13 a. Well then it may happen that, at that value, A may be disposed to acquire precisely 44 b by offering 13 a. By such an hypothesis this second value assures no less perfectly a balance of exchange; that is to say, this second value is also possible. In this manner, according as the bargain is begun by one producer or the other, the rule of the exchange is different; and this forces on us the conclusion that the exchangeable value is indeterminate.

Next, to determine under what conditions the value of a product is unique, and under what conditions it is not so, Professor Marshall distinguishes according as the marginal utility of the product, which is given in exchange for the first, is variable with the value at which the previous units of the latter have been obtained, or whether it is constant. He affirms that, in the first case, the value is manifold and indeterminate, and only in the second case is unique and determinate. Let us suppose for instance that the exchange begins with A, who gives

$$\left. \begin{array}{l} 4 a \text{ for } 40 b, \\ 2 a \text{ for } 17 b, \\ 1 a \text{ for } 8 b, \end{array} \right\} \text{Total } 7 a \text{ for } 65 b.$$

Beyond this point B, having only 35 b left, no longer feels disposed to give 8 of them to get one a, while A, having already 65 b, does not ask for any more. Hence under such conditions the value of the last portion of b will be $1a = 8b$.

¹ *Principles of Economics*, Book V, ch. ii.

But let us suppose, on the other hand, that the exchange begins with B, and that he succeeds in giving

$$\left. \begin{array}{l} 15 \text{ b for } 6 \text{ a,} \\ 7 \text{ b for } 2 \text{ a,} \\ 8 \text{ b for } 2 \text{ a,} \\ 9 \text{ b for } 2 \text{ a,} \\ 5 \text{ b for } 1 \text{ a,} \end{array} \right\} \text{Total } 44 \text{ b for } 13 \text{ a.}$$

At this point A, having already given 13 a, is not disposed to give one more to get 5 more b; and B, having already 13 a, wants no more. Hence at this point equilibrium is established, that is to say, the last increment of the product is bought and sold at the value 5 b = 1 a. Thus we have two values and two points of equilibrium; and since it might be demonstrated that other values are possible, we ought to conclude that, under such conditions, the value is indeterminate.

This, on the other hand, would not be so, if the utility of the last portion of the product, given in exchange by each of the contracting parties, were to remain unchanged, whatever might have been the series of values previously agreed upon. Let us suppose, for instance, that the exchange begins with A and that he gives

$$\left. \begin{array}{l} 5 \text{ a for } 50 \text{ b,} \\ 1 \text{ a for } 9 \text{ b,} \\ 1 \text{ a for } 7 \text{ b,} \\ 1 \text{ a for } 6 \text{ b,} \end{array} \right\} \text{Total } 8 \text{ a for } 72 \text{ b.}$$

and that beyond this point there is no further exchange. If, on the other hand, the exchange begins with B, we get, by hypothesis, B giving

$$\left. \begin{array}{l} 15 \text{ b for } 5 \text{ a,} \\ 4 \text{ b for } 1 \text{ a,} \\ 5 \text{ b for } 1 \text{ a,} \\ 6 \text{ b for } 1 \text{ a,} \end{array} \right\} \text{Total } 30 \text{ b for } 8 \text{ a.}$$

Here we find that in both cases the value of the last offered dose of a is 1a = 6b, and that of the last offered dose of b is, 6b = 1a; in other words, that under such conditions the marginal value is unique and determinate. And it is unique precisely because, whatever be the series of values previously agreed upon, B still feels disposed to acquire the last dose of a for 6 b, and A to acquire the last six doses of B for 1 a.

Now, Professor Marshall continues, there is only one kind of

produce, the marginal utility of which remains unchanged, whatever be the values previously agreed upon, and that is money. For instance, when anyone buys for personal consumption, he generally spends a small part of his total private resources; if he buys for commercial purposes, he has the reselling in view, and, therefore, his potential resources are not diminished. Hence in every case there is no appreciable alteration in the power at his disposal of giving away money; in other words, the final utility of the latter remains for him unchanged. And from this Professor Marshall draws the conclusion that the barter may give rise to several values, but that the sale always brings about a unique value.

Now, before discussing the skilful arguments of the eminent economist, we believe it will be necessary to distinguish, according as the exchange in question takes place between two monopolists, or between one monopolist and a producer under conditions of free competition, or again between two producers under free competition; for the result in each case is absolutely different. If our A and B are two monopolists, Marshall's remarks are unexceptionable. There can be no doubt but that, given two monopolists, the value agreed upon is different according as the exchange, or the offer of the product, is begun by the one or the other contracting party. And it is certain that if, under such conditions, the exchange begins with A, the value that gives A maximum profit is the one decided upon, while, if the exchange begins with B, the value that gives to B the maximum profit is the one decided upon. But this is not saying that, in such a case, the value is indeterminate. On the contrary, precisely because, under such conditions, exchange results in two different and mutually exclusive values, precisely on that account the two monopolists will be compelled to settle on a mean value, equal to the mean of the two values of maximum profits.¹ In other words, in the concrete case, from the two values,

$$\begin{array}{l} 7a = 65b, \} \text{ value of A's maximum profit,} \\ 13a = 44b, \} \text{ value of B's maximum profit,} \end{array}$$

we come to the mean value, $10a = 54.5b$, which will be the normal and definitive value between the two products.

But things turn out very differently when, on the other hand, we have a monopolist exchanging with another producer who is operating under free competition. For in such a case there is

¹ See, for a demonstration of this thesis, my *Il valore della moneta* (2nd ed. Torino, 1901).

established immediately the value which corresponds to the monopolist's maximum gain, the other contracting party being in no way able to contest it. If, for example, the monopolist is A, the value will be definitely settled at $7a=65b$. B can then only oppose this value with another value more favourable to himself by limiting his offer to $44b$; but it is just this that he cannot do, since he is producing under conditions of free competition, which exclude the possibility of artificially limiting the supply.

There is again a difference in procedure when the case is one of the market value of products obtained under conditions of free competition. When it is a question of monopoly goods, the producer can always reserve a portion of the supply; and hence the increase in price of a given commodity, whereby the demand is diminished, may be accompanied by a correlative reduction in the supply, may, that is, be carried out without upsetting the balance between supply and demand. Under such conditions, therefore, there may arise a series of increasing or of decreasing prices of the given commodity, each of which insures equally the balance between supply and demand, and may hence be normal and definitive. But when, on the other hand, it is a question of commodities obtained under free competition, the matter is absolutely different. Under these conditions the increase in price of a given commodity, while it does necessarily restrict the demand, does not, for that matter, restrict the supply, but on the contrary expands it, bringing new producers or new supplies into the market. It follows that, under such conditions, if the given price of a product insures equilibrium between supply and demand, any rise in price whatever over such a level, while it reduces the demand, necessarily increases the supply, and, therefore, suspends the equilibrium. In other words, the equilibrium between supply and demand under such conditions can only be obtained on the basis of the value previously established; that is to say, the value is unique and determinate.

To illustrate this by the figures used above, if a and b are two monopoly commodities, it happens that, at the value: $1a=3\cdot3b$, A offers $13a$ for $44b$. If now the value of a increases so that $1a=9\cdot2b$, B will certainly not ask more than $7a$, but A has every facility to reduce his output to exactly $7a$, and in this way the new value is no less possible than the first. But let us suppose, on the other hand, a state of free competition, and that the value had settled itself at $1a=3\cdot3b$, and that $13a$ could be exchanged for $44b$. If now the value of a rises to $1a=9\cdot2b$, the demand falling thereby to $7a$, the supply of a will inevitably

increase, inasmuch as the enhanced value of the wares will call forth new supplies and new producers. Hence the new value of a , while it reduces the demand for a to 7, increases the supply of it over 13 a . Hence the new value absolutely excludes the possibility of an equilibrium between demand and supply. And since the demonstration holds for any value whatever which diverges from that previously fixed, viz., $1a=3\cdot3b$, we must thus conclude that such value is unique and determinate.

This is equally true if, instead of exchanging the two portions of a and b *en bloc*, we take a series of exchanges in small consecutive portions. Even if exchange operates in this segmentary manner, what we have to consider is the collective value of the total quantity sold and bought of each commodity. Now it is always certain that, in cases of monopoly, the value of the total produce sold by A or B can rise, thanks to a permanent restriction in the supply, bringing about a new equilibrium between the lowered demand and the contracted supply; under competition, on the other hand, this is not possible, because the rise in value, while it constricts the demand, expands the supply. Wherefore it remains always true that a monopoly may yield several values, but competition leads necessarily to a value which is unique.

And this consideration gives us the reason for the difference, pointed out by Professor Marshall, between barter and sale. The first, namely, will give rise to a plurality of values, the second to a unique and determinate value. Marshall attributes this fact to the constancy in the marginal utility of money—a feature which distinguishes it from all other products; but, with all the respect due to such an authority, I must confess that his arguments in this connection do not appear to me so cogent as to warrant unreserved acceptance. Marshall himself admits that the final utility of money is not in every case invariable, but that this invariability is liable to not a few exceptions. If, namely, we could formulate in one concrete figure the final degree of utility of money, which has hitherto not been done, and cannot be conceived as being done in the present state of economic metrology—we should find that it presents the greatest divergences according to the disposition of the contracting parties, to their tastes, to the actual condition of their domestic and economic affairs, etc., and that the affirmed constancy of the final utility of money finds in concrete fact no positive guarantee. The difference between barter and sale is not connected with the specific characters, more or less determinable, of the final utility of money, but lies simply in this, that barter may go on between two kinds

of monopoly produce, while sale takes place necessarily between a commodity which may either be, or not be, monopolised, and money, which is obtained under conditions of free competition. In other words, barter may happen under conditions of bilateral monopoly, while sale happens in every case under conditions either of unilateral monopoly or of full competition. Now as bilateral monopoly implies plurality of values, while unilateral monopoly and competition give rise to unique and determinate value, we have here in a nutshell the explanation of how barter immediately leads to several values—of which we have to take the mean to get the definite values—while sale leads necessarily and immediately to a value which is unique and determinate.

ACHILLE LORIA

THE UNITY OF POLITICAL AND ECONOMIC SCIENCE¹

§1. One part of the knowable world is human society. The science of society is systematised knowledge of society as a causally connected whole. It is divisible into departments, though it is itself more than the sum of these. The departments deal with society in various aspects, chief among which are the religious, the political, and the economic. In all of these the centre is man. It is not, indeed, in him that *ultimate* explanations lie, for man himself is unexplained. But the science of society, in its process from cause to cause, stops at the gateway of philosophy. To explain in terms of human volition completes its humbler task. For it, "les seules changements importants . . . s'opèrent dans les idées, les conceptions et les croyances. Les événements mémorables de l'histoire sont les effets visibles des invisibles changements de la pensée des hommes."² The causes that it seeks reside, as Bentham held, in mental facts, though not, of course, as he also held, in mere pleasure and pain. This is true of all departments of the science of society. Mind is the root in which they all begin. From it they grow and spread, and assume a multitude of forms. Various, however, as these appear, the unity of origin carries with it a unity of essential structure. It is this unity, as between the political and economic branches of social science, that my paper seeks to display.

§2. In the first place, the mental facts that underlie both sciences are similar. They are the whole body of desires and aversions, including, of course, the desire for right and the aversion to wrong-doing. This resemblance is general. Within it there fall others that are more particular. The determining desires are mixed as regards, on the one hand, egoism

¹ The analogy worked out in this paper was roughly suggested in my note *A Parallel between Economical and Political Theory* in the *ECONOMIC JOURNAL* for June, 1902.

² Le Bon : *La psychologie des foules*, p. 2.

and altruism, on the other, means and ends. First, in both departments they are partly self-regarding and partly extra regarding. Just as some persons desire tea for their own use and others for purposes of charity, so some desire the passage of a law with a view to their private gain, and others because they believe that it will prove beneficial to the community as a whole. Nor are these two motives generally separated from one another and distributed among different persons; on the contrary, they are almost invariably blended. Secondly, in both cases the object desired may be desired either as means, or as end, or partly as¹ one and partly as the other. Thus, an economic acquisition may be sought chiefly for its indirect use in facilitating the passage of a law, or a law for the help it will give toward the gratification of economic aims.

Furthermore, the desire for a particular commodity or law is not necessarily dependent upon the circumstances of that object alone. It *may*, indeed, be thus self-sufficing, but it is more likely to be some function of the supply of other commodities or laws that serve as complements to, or substitutes for it. For example, the desire for tea depends partly on the quantity of sugar available, and the desire for a law against duelling on the existence of an adequate provision of legal tribunals.

§3. In the second place, in both departments, desires do not operate upon events directly. Before ideas can become forces they must be translated into effective demand. Effective demand, however, is not based *merely* on desire, nor is its intensity proportionate to that of the desire. In economics it means, as everybody knows, desire for a commodity or service conjoined with the possession of purchasing power. In politics it means desire for the passage of a law conjoined with the means of influencing the legislative machine. These means consist partly in the reserve power of physical force, whereby a real control may be exercised over a government legally quite independent of the classes concerned.¹ In a democratic country, in ordinary times, they are broadly equivalent to *voting* power.

The effective demand of the community, which is, of course, the operating force, is compounded from the demands of the separate members. It is not, however, necessarily compounded by mere summation, for the parts may be mutually dependent on one another. Thus, in economics the demand of A may be partially dependent on the quantity of commodity possessed by

¹ Dicey shows that Walpole's administration was pliable to this type of influence from classes not possessed of the franchise (*Law and Opinion*, p. 11).

B and *vice versâ*, so that mere summation would be fallacious.¹ Similarly, in politics, the opinion of an assemblage of persons may be quite different from—sometimes superior, sometimes inferior to—the sum of the opinions of the individuals assembled. In economic and political theory alike, “We should not yield ourselves to the illusion that the individual is fitted up with his essentials all by himself, and that then society is constituted by the aggregation of such single specimens. The individual is, in fact, the later product; and disengages himself into his independent wholeness as the ripest fruit of a collective development.”²

The last point need not, perhaps, be pressed. From the *general* relation between desire and effective demand there follow, however, two important conclusions. The first is that, even where desires remain unaltered, the demand built on these desires may be modified. In economics this occurs when the wealth of the various classes in the community is varied; in politics when the constitutional machine is reformed so as to extend or otherwise remodel the franchise. In economics changes of this kind are gradual. In politics, in the absence of automatic schemes for the redistribution of seats, such as have been introduced into Australasia and the Transvaal, they are abrupt.

The second conclusion that follows is that, when the desire for any given commodity or law rises, the effective demand for it need not rise, unless the desire for other commodities or laws has not risen. If these *have* risen, the increase of intensity among them may draw off so much of the available money or political energy, that the given desire, despite its own increase, may be manifested in an effective demand actually smaller than before.

§4. In economics and politics alike Demand calls out Supply. In the one case the suppliers are the producers of goods and services; in the other, they are the wielders of the legislative machine. No doubt the object supplied is different in the two cases. In economics it is usually divisible into small units. In politics, however, a law is in general either passed or not passed. It is true that local option and contracting-out clauses are sometimes introduced; but, even with these, there is a substantial difference between the large packets in which legislative goods are supplied and the marginal increments familiar to economic theory. This difference leads to an important distinction between the significance of the phrase “Demand calls out Supply,” as used in the two spheres. In economics it means

¹ Cf. my paper—*Some Remarks on Utility*, ECONOMIC JOURNAL,

² Martineau, *Types of Ethical Theory*, 11, 32,

that an increase of demand causes a greater quantity of the commodity to be supplied. In politics, however, since the commodity is a single unit, this quantitative relation does not subsist. Rather, the object is either produced or not produced according as the demand is above or below a certain level. Demand calls out supply when, by rising beyond that level, it brings the object into being. In politics, therefore, the ultimate adjustment is much rougher than in the generality of economic problems.

§5. Though, however, the goal of adjustment differs in these respects, there is a striking similarity in the route by which it is reached. In the first place, in economics and politics alike supply invariably lags behind demand. In the one it is a commonplace that supply often reaches its maximum when the tide of demand has been for some time on the ebb. In the other "it may well happen that an innovation is carried through at a time when the teachers who supplied the arguments in its favour are in their graves, or even—and this is well worth noting—when in the world of speculation a movement has already set in against ideas which are exerting their full effect in the world of action and legislation."¹

In the second place, the factors that determine the extent of the lagging are very similar in the two spheres. In economics this lagging is least in regard to commodities the natural machinery for whose production can be readily altered in amount and character. In politics it is least when the moral machinery for effecting legislative change can be readily adapted or renewed. The degree of readiness depends in both cases partly on the physical construction of the machinery and partly on the other uses in which it is liable to be employed.

Physical construction is, of course, important. In economics it is obvious that simple machinery can be constructed more rapidly than complex, and that, therefore, the supply of those commodities that are made with simple machines will lag least behind demand. In politics, again, anything in the nature of a caste system, or a traditionary reverence for governing families, or long terms of appointment for legislators greatly extends the time required to make machinery capable of supplying the new demand. On the other hand, institutions that provide for frequent elections or other forms of appeal to the people lessen the time required.

The extent of the interval of lagging does not, however, depend solely on the way in which the machinery of supply is constituted. It is also increased in respect of any object if that machinery is also

¹ Dicey, *Law and Opinion*, p. 17.

employed for other purposes, and is, therefore, modified with only partial reference to the requirements of the given object.

Thus, in economics, since mutton and wool are supplied jointly, a given change in the demand for wool will affect production more slowly than it would do if that commodity were produced in isolation. For the full effect of the change cannot be developed till the connection between wool and mutton has been ruptured by a modification in the breed of sheep.

This circumstance is exactly paralleled in the political sphere. Under the Cabinet system a demand for a particular piece of legislation may remain for a long time unsatisfied because the politicians who would be willing to supply it are also pledged to supply something else to which public opinion is averse. Hence, until the demand has evoked a new type of politician, willing both to supply it and to refrain from supplying the unpopular accompaniment, no effect is likely to be produced.

Whatever weakens the connection between one commodity and another on the side of supply tends to diminish the interval of lagging in both spheres. The connection is dependent upon the fixity, in the one case of physical, in the other of mental conditions. In politics it may be weakened by the introduction of the Referendum or Initiative, involving a separation of the supply of particular laws from that of a party's general programme. It is also weakened by the creation of independent departments within the Government, the separation, for example, of the Judiciary from the Legislature, and of both from the Executive, or the separation of one minister from another by the abandonment of Cabinet solidarity.

In both economics and politics, however, powerful forces are opposed to any disruption of joint supplies. In economics it is often profitable to produce two commodities together, even when it is physically possible to separate them. Similarly, in politics unity of control often secures a great saving of labour and increase of efficiency. The combination of administrative and legislative functions in the same hands has advantages of this order. It is often said, for example, that the laws are likely to be better when those who initiate know that they will themselves be called upon to execute them. It may well be, therefore, that, despite of the lagging it involves, combined supply is often the method most satisfactory on the whole.

§6. So long as the lagging lasts, existing firms and ministers in power occupy a position of independence over against demanders. If the legislators were so many separate suppliers of

law, their economic counterpart would be a group of independent concerns in the enjoyment of quasi-rent. In fact, the governing body is, as a rule, a unity, and its analogue is the industrial combine exercising the privileges of a temporary monopoly.

For the short periods during which their monopoly power continues, the controllers of supply are free to act either (1) in their own personal interests, sacrificing thereto the interest, in economics, of the shareholders, in politics of their country; or (2) in the interests of the said shareholders or country exclusively; or (3) in the interests partly of their constituents and partly, in economics, of the general public, in politics, of the community of nations. They are not, indeed, *entirely* free to choose between these courses. Their constituents generally employ some scheme of checks and balances, whether the representative system or some other device, for limiting so far as possible the extent to which their own interests are imperilled. Considerable freedom, however, is likely to remain.

Within the limits set to them, the controllers of supply can act directly upon the amount of supply, and, by this means, promote whichever of the above three interests they elect to favour. Furthermore, in the exercise of this power they can often modify future conditions of demand. In economics manufacturers can create or develop a taste for their wares by selling them cheap for a little while. This is, of course, often done by railway companies in the hope of profit, and sometimes by philanthropists in the hope of developing the artistic capacities of the people. In politics Cabinets, by supplying laws that are not wanted at the moment, can cause them to be wanted afterwards. Of this there are many instances. Thus Mr. Booth writes:—"The attempts made by special legal enactment to stamp their true character on unscrupulous money-lending, on secret commissions, and on fraud in company promotion, though very difficult of execution, have undoubtedly had a considerable effect on public opinion."¹ Again, Professor Dicey has explained how English factory legislation, begun from humanitarian motives with the favour of the individualist school, indirectly assisted the development of collectivist views. "The history of the factory movement," he says, "is itself sufficient proof that laws may be the creators of legislative opinion."² He finds illustrations of the

¹ *Life and Labour*, xvii, 211-212.

² *Law and Opinion*, p. 237. By reference to the law of married women's property, he illustrates further how the judiciary, by judge-made law, have moulded opinion in a way that has afterwards affected legislation (p. 396, etc.).

same character in the history of the English Reform Acts, marriage laws, and Education Acts.¹

This reflex influence of supply upon demand, besides indicating the great responsibility of legislators and merchants, serves partly to explain the large measure of continuity that prevails in the production alike of commodities and of legislation. The supply of a commodity once undertaken is not readily dropped, partly indeed for fear of the loss involved in scrapping plant, but partly because, when consumers have accustomed themselves to the commodity, their demand for it is by that very fact rendered more extensive than it was before. In like manner in politics, when a measure has been passed, the community adapts itself to the new conditions. The loss and disturbance involved in repeal would therefore be much greater than any that could have followed from a refusal to pass it in the first instance. The Chinese Labour Ordinance of the Transvaal is a case in point. In the same way, custom avails to establish the position of a minister who has once, perhaps quite independently of general opinion, been raised by the Prime Minister to front bench rank.

Nor is the influence which suppliers may exercise on demand limited by their power of actually producing some object and exhibiting it as a model for popular instruction. A similar effect may be brought about by *advertisement*. By this means demand can be created without any preliminary experimental supply. The method, so far as it affects the economic sphere, needs no comment. In the political sphere its analogue is found in an agitation by some leading politician, a member, for instance, of the Inner Cabinet. In this way it is always possible that a proposal, hitherto regarded as academic, may be brought into the sphere of "practical politics." Prominent illustrations are Gladstone's conversion to Home Rule and Mr. Chamberlain's repudiation of Free Trade. In both these cases demand was profoundly modified by the action of the controllers of supply.

Finally, in economics and politics alike, there are cases in which the suppliers cannot actually alter the character of demand, but can take advantage of the fluctuations which naturally occur in it. In the case of durable commodities owners can hold up their supply till such time as they think the demand has reached its highest and then offer to sell. This is done in land speculation, and also, for short periods, in the marketing of seasonal articles like cotton. Under the English Parliamentary system an exactly similar power is wielded by Ministers. For, subject to the Sep-

¹ *Law and Opinion*, pp. 41-6.

ennial Act, they are free to determine the date at which they will dissolve Parliament. As Mr. Low observes, they are thus enabled to "find the sovereign people" at the moment when they have reason to expect that their chances of success are greatest.

This policy in reference to demand is not open to manufacturers of commodities that are perishable, and for which, therefore, the time of sale is fixed independently of their will. Nor is it open to politicians when the period of appeal to the country is independently fixed, whether, as in the United States, by a rigid time limit or by some more elastic reference to bye-elections or the will of a monarch.

§7. The essential unity of political and economic science has so far been traced along the lines of accepted analysis. In conclusion it is interesting to note that it extends also to the chief fallacy of the two sciences. This is the famous doctrine of *Maximum Satisfaction*. In economics that doctrine affirms that complete industrial and commercial freedom conduce to the greatest possible sum of economic good; in politics that complete political freedom, or, in other words, pure democracy, conduces to the greatest possible sum of legislative good. In both cases the argument is fundamentally the same. In economics its formulation generally turns upon "demand and supply," in politics upon the "general will." In both it finally reduces to the thesis that, since each man, if left free, will best advance his own interests, therefore all men, if left free, will best advance the interests of all,¹ provided, of course—and this reservation is made in both spheres—that the operation of force and fraud is excluded. This argument is incorrect at once in its premiss and in its inference.

First consider the premiss. The word "interest" is ambiguous. It may be true that an individual is the best judge of his interest, when by interest is meant what he as a matter of fact *does* want, but it is not true that he is the best judge of what he *ought* to want. This point is admirably brought out by the late Professor Sidgwick. "The principle, 'Love thy neighbour as thyself,' might," he writes, "when it has attained general acceptance and serious efforts are made to fulfil it—be advantageously supplemented by the converse precept, love thyself as thy neighbour, since a genuine regard for our neighbour, when not hampered by the tyranny of custom, prompts us to give him what we think really good for him, whereas natural self-regard prompts us to give

¹ Cf. Dicey's citation from Maine, p. 158.

ourselves what we like. Thus the spontaneous expression of altruism, rather than the spontaneous expression of egoism, corresponds to our deepest judgment, the judgment of our best self, as to the good or evil in human life."¹ Even, therefore, if it were true that the freedom of each did conduce to a maximum satisfaction of the desires of all, it would not follow that it conduced to their maximum good or true satisfaction. This conclusion is obviously applicable to both economics and politics.

Secondly, the argument is erroneous in its inference. It is not true that the conjoint pursuit by each of his individual interest necessarily tends to forward the general interest. For—apart from the formal failure of such an inference—desires are not in general commensurate with the power of securing their fulfilment. In economics very various intensities of desire may be represented by equal demand prices, owing to variations either in the purchasing power of different persons, or in the temperament of persons of equal purchasing power. It cannot, therefore, be argued that, because free competition maximises apparent satisfaction in terms of money, it must maximise real satisfaction. In political democracy the analogue of purchasing power, namely, voting power, is indeed equal for all; but the disharmony due to variations of temperament among the citizens remains. The demand of a person who desires a particular law very little is as effective as that of one who desires it very much, and the aversion of a majority, merely because it is a majority, may nullify a much more intense desire on the part of a minority. The doctrine of *Maximum Satisfaction* thus fails in much the same way in each of the two sciences.

A. C. PIGOU

¹ *Practical Ethics*, p. 210. Professor Sorley suggests that the root of this divergence may lie in the circumstance that "the individual takes as the guide of his own action the egoistical qualities which give success in the struggle between different individuals, but recommends to all his fellows in the same community that they should cultivate those altruistic qualities which will lead to the advantage of society." (*Recent Tendencies in Ethics*, p. 75.)

REVIEWS

The Taxation of the Liquor Trade. By JOSEPH ROWNTREE and ARTHUR SHERWELL. (London: Macmillan and Co., Ltd. Vol. I. Pp. 537. 10s. 6d.)

THIS book is the first serious attempt, so far as I know, to deal with the question of the sale (as distinct from the manufacture) of intoxicant drinks from the economist's standpoint. No one who is acquainted with Messrs. Rowntree and Sherwell's earlier work on the temperance question needs to be told that this book contains the records of a vast amount of careful research.

A severe criticism of the "temperance policy" of the London County Council leads our authors to state their own theory of reduction:—"While we are spending time and effort and money, and incurring great risks, in our endeavour to secure a reduction of licences, we could easily effect a greater reduction than the most ardent temperance reformer anticipates by a simple but just revision of the licence duties."

The licence duties, as fixed in 1880, are:—£3 10s. for a beer-house, £4 for a wine and beer licence (each regardless of the size of the house), and for a spirit or "full" licence a sum rising from £4 10s. for a house worth less than £10 a year to £60 for one worth over £700. Chapter VI. shows what absurd results follow from this scale of duties:—

A house rated at	£45	pays	44	per cent.
"	"	75	"	33
"	"	250	"	14
"	"	2,000	"	3

The scale of charges under the Licensing Act, 1904, displays similar inequalities, and "in the case of public houses assessed at more than £400 annual value, the publican contributes more to the compensation fund than he does to the revenue."

The chief anomaly of both scales is the "arbitrary maximum

limit at a comparatively low point." In London alone 453 ordinary public houses are rated at £700 and upwards, and only pay £60 each, while 28 of them are worth over £3,000 a year. Yet small houses worth less than £50 manage to pay duties equal to from 44 to 60 per cent. It may well be said that "the inequality is so extraordinary as to be almost incredible."

"The inadequacy of the taxation imposed upon publicans in this country receives further and greater emphasis when we compare the licence duties charged here with the duties charged in the United States." Seventeen States have a fixed minimum to which the county and municipal authorities may, and usually do, add charges of their own, in addition to the universal federal tax of £5; and twenty-two States adopt the population basis, usually with local power of increase. Taking all cities in the States "with a population of 30,000 and upwards, the average rate of licence duty is more than five times the average rate charged in similar cities in the United Kingdom"—i.e., £147 instead of £27; and in twenty-one New England cities the average is actually £268. This disparity does not arise entirely from the smaller number of licences, for 122 American cities yield £7,395,000, as against £816,000 in 164 English cities—i.e., £413 per 1,000 instead of £41. To compare similar towns—Boston receives ten times as much from licences as Manchester, while on the Greater New York basis London would receive an excess over its present revenue of £2,787,000, "or a sum equal to a rate of 1s. 4d."

In small towns similar high duties prevail, and sometimes in rural districts they are deliberately fixed at a prohibitive figure. Speaking of Mississippi (with no city of over 15,000 inhabitants), which has a minimum duty of £185 for a "town" and £245 for a "city," our authors say:—"The effect of this high rate of taxation is naturally to restrict the number of saloons, and in this way it subserves temperance interests." The converse of this appears in Louisiana. Its chief city, New Orleans, "has an exceptionally low standard of licence taxation," and "the result is an excessive number of saloons." Elsewhere in the State "the system of high licence largely prevails, with results that are said to be eminently satisfactory."

In New York State high licence stamped out the small beer-houses, reduced the number of saloons, added two and a half millions to the revenue, and halved the cost of collecting it. "The annual revenue from liquor licences in the single city of New York exceeds by upwards of £100,000 the total annual

revenue from licences in the whole of the United Kingdom." Messrs. Rowntree and Sherwell may well conclude that, "judged by the standards of licence taxation enforced in all communities in the State of New York, the standards imposed in this country are extraordinarily inadequate."

And the balance is not redressed by a lower taxation of alcohol in the New World. Spirits, indeed, pay only 5s. 6d. per gallon instead of 11s., but spirit-dealers pay from £40 to £500. Beer, too, owing to our "war taxation," pays a little less, but brewers pay from £10 to £1,220. In 1896 (the latest available year) the total yield of liquor taxation in the States was 31 millions (11 from licences), or 10s. 2d. per gallon of alcohol. In the United Kingdom it was 34½ millions (2 from licences), or 8s. 3d. per gallon (now 9s. 1d.). Taxation in Massachusetts produces 11s. 2½d., and 15s. 2½d. in New York.

What actual reforms do Messrs. Rowntree and Sherwell propose? Regarding rental value by itself as unsatisfactory, they examine, and reject, five other suggested bases of taxation:—(i) A "fixed uniform charge" is inadequate in towns and prohibitive in the country; (ii) A "fixed minimum with local powers of increase" works well in America, but is open to the objections urged against No. (i); (iii) "Declared value," the basis of compensation as well as of taxation, was proposed by the majority of Lord Peel's Commission, but compensation is a temporary expedient; (iv) "Amount of trade done" presents practical difficulties, and, I may add, would amount to a further tax on alcohol; (v) "Population," which is now adopted in Canada, New Zealand, and twenty-two American States, "has much to commend it," but there is a difficulty in semi-rural districts, and a difference between main thoroughfares and small streets in the same town.

Our authors finally adopt the system of "Public Tender," with which they would combine a "statutory minimum duty proportioned to the population," a time-limit, and the present requirements of "character and fitness in the licensee." This system "has been found to operate with complete success" in Sweden, it "would automatically determine and secure to the community the full commercial value of a particular licence," and prevent claims for "alleged vested interests." This is, no doubt, true, but I do not see clearly how public tender can be applied successfully to existing hotels and theatres.

I have no hesitation in saying that this book is by far the most important work on the English licensing system that has yet

appeared. It should be read by all economists and social reformers, and it may be recommended especially to the Chancellor of the Exchequer and the finance committees of county councils. Finally, it indicates that financial readjustment which must precede all practical temperance reform.

J. E. ALLEN

Cotton Spinning and Manufacturing in the United States of America. By T. W. UTTLEY, B.A., Gartside Scholar. (Manchester: The University Press, 1905. Pp. xii., 69. Demy 8vo. 1s. net.)

THIS is the second volume of the "Economic Series" of the *Publications of the University of Manchester*, and the first of the "Gartside Reports." In 1902, in connection with the celebration of the jubilee of the Owens College, Mr. John Henry Gartside, of Manchester, a wealthy bleacher and calico-printer, gave £10,000, to establish, for a period of ten years, a series of scholarships to be known as the "Gartside Scholarships of Commerce and Industries." These scholarships are tenable by students of the Manchester University for two years. The holders must be of British nationality, and between the ages of eighteen and twenty-three years. They must be acquainted with two modern languages besides English, of which German, as a rule, must be one. The purpose is to enable students to go abroad to study commerce and industries, and the examinations to be passed prior to election must include modern languages, chemistry, geography, the elements of economics, modern history, and the elements of English manufacturing, especially textile industries. Part of the time must be spent in either Germany, Switzerland, or the United States of America, but study and travel in some other country or countries is also permitted. It is stipulated that the scholars shall make formal reports to the authorities of the University and the Manchester Chamber of Commerce appointed as electors, who shall cause them to be published if considered valuable. The scholarships are to be worth about £80 each per annum for the time spent in England, about £150 per annum for the time spent on the Continent of Europe, and about £250 per annum for the time spent in the United States of America.

The present volume gives an account of the author's visit to various cotton-mills in the United States. The densest concentration of cotton manufacturing in America is, he tells us,

still in New England, within a radius of thirty miles from Providence, Rhode Island. As is well known, however, there has been in recent years a very rapid increase of cotton-spinning in the Southern States, in the vicinity of the cotton plantations. This advance has been mainly in ring frame spinning, which implies the production of relatively coarser counts of yarn in the Southern States than in the Northern States. Ring spinning does not require such highly skilled labour as "mule" spinning, and, moreover, the "troublesomeness" of the American mule spinners' union is said to have stimulated the adoption of the newest method. Mr. Uttley presents some interesting comparisons of the costs of production by the Northrop, or Draper, looms, and the ordinary plain looms. The advantage on the side of the former is shown to be, even in America, very much less than might be supposed, largely in consequence of the higher capital expenditure at present represented by the automatic loom. In Lancashire, apart from this consideration, the greater variety of the cotton goods produced must also be taken into account in connection with the apparently less adaptable character of the new looms. Mr. Uttley's comparisons seem to have been worked out with much painstaking care. Even in America the new looms will have to be run at a higher speed, or be worked more economically, or come down in price, before competing very effectively with the plain looms at Fall River, for instance. Some interesting details respecting the housing of the operatives in different localities of the United States, and of the other costs and conditions of labour there, are also given. As a whole, the mills of the Southern States are said to compare favourably with the Northern mills. Water power, an important factor in the development of the American cotton industry even in New England, is very largely employed in the Southern States, particularly in Georgia, and is likely to come into further use as the source of electric power, which will render the location of the mill at the foot of the water-fall no longer necessary. The negro does not seem to be destined to enter largely into the labour supply of the Southern cotton-mills; his intellect is not improved by the noise and monotony of the machinery, and his erratic nature, as compared with white operatives, makes him unsuitable to the industry. He requires more supervising than he is worth in a cotton-mill. With reference to child labour the conclusion seems unavoidable that the organisation of the Southern cotton-mill industry is, after all, somewhat primitive; the excuse is that the paid operatives "bring in their little brothers and sisters to help

them in the mill," the managers declining responsibility on the ground that the children are not wage-earners. Mr. Uttley declares that, in this particular, "the Southern manufacturer is peculiarly blind." Nearly all the Southern States—Georgia is an admitted exception—have laws prohibiting the employment of children below eleven or twelve years of age, but only in Tennessee and Kentucky, where the minimum is fourteen years, are inspectors employed to enforce the law. Shortness of working capital is said to be a weakness peculiar to the South. The tendency there is to avoid the towns and construct an entirely new settlement when building a new mill. Space for increase of plant is generally allowed. Something very nearly approaching the truck system seems to be in vogue, and in South Carolina a fortnight's wages are always held in hand by the employers. Mr. Uttley gives some account of what he calls fine spinning and weaving in the Southern States. This is a matter on which very exact investigation by experts is required, and would be of value. I have reasons for receiving statements respecting "fine" spinning in America with some scepticism.

It is always useful and interesting to have descriptions of what our industrial neighbours and competitors are doing; and the advantages of travel to a student need not here be dwelt upon. But it would perhaps be easy to exaggerate the direct practical importance of such books as these Gartside reports are likely to prove to national industry and trade. Lancashire mill owners, machinists, and merchants keep themselves well informed on all technical matters through their own agents or *employés*, or by means of their own personal investigations and travel; and the practical expert will, as a rule, be likely to understand much more than the academically trained student. It is perhaps desirable to utter this warning in justice to an industry so highly organised as the Lancashire cotton industry. It is even conceivable that students turned out under Mr. Gartside's generous scheme may prove more useful to our competitors than to ourselves, in consequence of their travels giving them opportunities of obtaining employment in foreign and colonial enterprises, for which some knowledge and experience of our own older undertakings may be of value. There has been, perhaps, in recent years, too strong a tendency to assume that the British producer has everything to learn from his imitators; and, as a mere matter of advertisement, it may be wished that a little more should be said on the other side. The utility of Mr. Uttley's book would be increased if it included a glossary explaining the peculiarly

American terms not infrequently found in his pages; a new vocabulary has sprung up in the American cotton industry. Objection may be properly expressed to the revival of the term "hands," as applied to the labourers. Since Carlyle's attack upon it, the word in this sense had almost disappeared from Lancashire, its place being taken by the term "operatives." "Hands" has lately been coming into use again by some of the younger writers on industrial topics. It is an unpleasant reminder of the bad old days.

F. J. FARADAY

Ethics and Moral Science. By LÉVY-BRUHL. Translated by ELIZABETH LEE. (London: Constable and Co., 1905. Pp. xii, 233.)

THE main thesis of this essay may be stated in a few words: it is an elaborate argument for the position that ethics must be based on a scientific sociology and that a "rational art" of social practice must be dependent upon a previous "science of social laws." It is admitted, however, that this previous science has still to be constructed, and that "the rational ethical art" must therefore be regarded as a thing hoped for, rather than even approximately realised. By a scientific sociology the author understands a sociology which consists in substituting the methodical effort to "know" for the philosophical reflection which seeks to "understand." Comte's sociology, for example, "was still a philosophy of history," and was further vitiated by an attempt to combine a religious with a scientific attitude towards the same "ethical or social reality." Contemporary sociologists, again, with the exception of Durkheim and his school, are infected by a craving after the "intelligibility" of social phenomena as a whole as distinct from the exact knowledge of particular facts and particular laws. "Sociology now aims at being exactly positive. Veritably physical, it tends to divide itself, like its elder sister, physics, into a multiplicity of sciences distinct and connected, each with special tools for its work, and special processes and methods."

We may freely concede to Professor Lévy-Bruhl that the attempt to "understand" has not always been duly balanced by the effort to "know," and that the historical method has been more often honoured in the breach than in the observance.

But have not the exponents of the historical method themselves contributed something to the criticism of its claim, not merely to supplement, but to supersede any other method?

It is true that what ethics studies is an "is," but it is also an "is" which is the conception of an "ought to be." Ethical facts are, in short, judgments of value, and the order of values has an "objective" validity of its own, quite as much as the order of nature. How is it possible to trace the history of moral ideas without introducing conceptions of value at every point? How can the comparative study of moral institutions be purely empirical? And though it is true that the natural history of morals is the history of social conditions, it does not follow that moral ideas are fully accounted for by being resolved into their historical antecedents, or the "series" of social phenomena in general. Nor is it at all evident that a "rational art" of social practice—which consists, or rather is to consist, in "modifying the given ethical reality of rational processes for the good of human interests"—has to wait upon the consensus of sociological science. Institutions, customs, laws, and the ideas of which they are expression have not only a past, but a present significance—a significance which lies in their adaptation to the needs of the time. Professor Bruhl holds that we can only "rationally" decide for or against the preservation or acceptance of this or that ethical practice "according to the teaching of the positive science of social reality." Is such a "positive science" ever likely by itself to supply a criterion of values? Is it not much more likely to divert attention from the practical value and immediate promise of existing tendencies? Professor Lévy-Bruhl's insistence on a disinterested and scientific study of moral and social facts, as also upon the solidarity of social phenomena, is excellent; but there seems to be more than one neglected element in a theory which assimilates ethical to physical science, and makes history not the handmaid, but the mistress of "rational ethical or social art." A merely descriptive and historical ethics neglects the central question of ethical interest—the question of moral valuation. It may be very good history, but it is not really ethics.

Though we cannot regard the general argument as free from vagueness or confusion, the details are full of interest and suggestion, and the criticisms of current tendencies in sociology, as well of prevailing systems of ethics, are often very pertinent. The author, as might be expected, takes sufficient account of the way in which the "content of ethical truths" is modified by changes in the economic "series" of phenomena. On the other hand, "historical materialism is difficult to maintain if it claims to subordinate all evolution of society to its economic life."

The translation seems adequate, but in being credited with the statement that truths of fact are, according to Locke, "invariably provable," the author is undeservedly misrepresented. It should have been "only probable."

SIDNEY BALL

The United States in the Twentieth Century. By PIERRE LEROY-BEAULIEU. Authorised Translation by H. ADDINGTON BRUCE. (New York and London : Funk and Wagnalls Co., 1906. Crown 8vo. Pp. vi., 396.)

WE can easily understand (and appreciate) the laudable patriotic motive which may have led to the translation, primarily intended for Americans, of this interesting "inventory of the economic resources of the United States at the beginning" of the present century. The facts and figures contained in the successive chapters form a very handsome testimony to the commanding place already taken by that country, and to the yet more brilliant destiny awaiting its inhabitants in the approaching future. The French author states, indeed, that he has drawn his statistical material from the Report of the Twelfth Census, and from other authoritative official and private publications, issued by Americans themselves; and he adds the remark that it is with "far less assurance" that he submits the inferences which he has drawn from facts thus obtained and from personal observation. His "analysis of the causes of the economic greatness" of the States, and the "views" he "entertains" about that country's "future," are advanced, accordingly, with becoming modesty, and his book, he admits, was written originally for "Old World readers."

But the glowing picture drawn therein is, we think, likely to gratify New World observers. It will, we believe, minister to the pride rather than foster the misgiving of the American people. In their own expressive slang it may confirm their prevalent belief that they can "lick creation," for it shows that in not a few important spheres of economic action they have already won an evident superiority over the other nations of the world. It is true that M. Leroy-Beaulieu, who has proved, by previous investigations into the industrial and commercial life of important countries, such as Russia, that he is a shrewd and informed observer, does not fail to discriminate. In his Preface he says that he has "striven to free himself from the error of confounding transitory with permanent phenomena"; and a conspicuous instance in his book of a direct conflict with popular opinion is

his statement that the huge American "trusts" are not likely to survive "acute and prolonged" depression, but may, on the contrary, afford a fresh example of the indiscreet extravagant ambition which "o'erleaps its sel." He does not conceal the disadvantage of the American climate in some portions of the area of the States for agricultural production; and he thinks that the day of large food exports is already passing by. But, on the other hand, the menace offered to the competing countries of the older world by the growing tide of exports of manufactures from the States is but at the commencement of that large development which it seems certain to attain, in spite of the rising demand of the immense home market provided in America itself.

As a general rule, M. Leroy-Beaulieu surveys the land and its inhabitants through rose-coloured spectacles. It would not indeed be easy, or perhaps possible, to prove that he has used a magnifying glass in examining the rich natural resources of the country, or the opulent stores of enterprise and talent commanded by the people. So far as human foresight can predict, they are bound to gain a supremacy in trade and industry, whether they do, or do not, depart in greater measure from that traditional ideal of individual liberty which M. Leroy-Beaulieu, like his brother, the well-known economist, esteems perhaps unduly highly. They certainly seem likely to extend the scope and multiply the instances of that State-interference which he deprecates. We feel, however, a doubt whether he sees distinctly, or recognises fully, the reverse side of the shield, the front of which he displays with eager legitimate admiration. For there is another side, and it has lately been disclosed by Dr. Shadwell in a most instructive book, published recently, and noticed in this JOURNAL. That "slovenliness" which often dogs impetuous haste, and, in Dr. Shadwell's view, is characteristic of much American work, would hardly be suspected by a reader of the enthusiastic judgments offered in the present volume. He might hastily conclude that all was for the best in the best of worlds, and that the Americans possessed in rich abundance the brains and temperament which were fitted to turn to full account their amazing natural wealth and their unprecedented opportunities. Of the municipal corruption, which has become a byword, or of the strained relations between masters and men, which darken the horizon scanned by the acute observer, we do not hear much in these glowing chapters. We had imagined that it had been established that there was a marked alarming tendency in the purely American

race to die out in two or three generations; and this symptom of premature decay is, we think, scarcely disproved by M. Leroy-Beaulieu's ingenious statistics, which show that the earlier strain of the more virile immigrants is still sufficiently predominant in that composite mixture of which the inhabitants of the States consist to neutralise the possible deterioration caused by the advent of later less-desirable new-comers. There has certainly been a change in the constituent proportions of the crowd of immigrants which enters the United States every year, and the remarkable capacity for assimilation of unpromising material which the Americans have shown in their past is now exposed to a severer test. M. Leroy-Beaulieu with characteristic optimism hardly deems the danger serious.

Yet, after all the deduction which less kindly critics might make from the bright colours he has introduced into his picture of America, the epithets, "astonishing" or "prodigious" naturally rise upon our lips when we study attentively the country and its people. There can, moreover, be no question of the diligence and skill with which M. Leroy-Beaulieu has collected and arranged his material. In four convenient parts he presents a vivid narrative, copiously illustrated by appropriate statistics. The country and the people are first described, and here he does not minimise the serious problem of the large and growing negro population. Nor does he overlook the defects of American statistics on some most important points, or omit to notice annoying material discrepancies between the official information forthcoming from different sources. He proceeds, in the three remaining sections of his book, to deal with rural, with industrial, and with commercial America. The conspectus he presents is full—perhaps too full—of facts and figures, but his arrangement is suitable and lucid, and his commentary is pertinent and compact. For gaining a convenient survey of the economic condition of this important country at this notable stage of its development we know no handier means than those offered here, although the impartial student should recollect that M. Leroy-Beaulieu is more disposed to praise than blame, and is more ready to admire without reserve than to question and distinguish. His translator, we may add, seems to have done his work with skill and pains.

L. L. PRICE

Municipal Ownership in Great Britain. By HUGO RICHARD MEYER. (New York: The Macmillan Company, 1906. pp. 340.)

THIS work consists mainly of an historical account of the difficulties experienced in England by the promoters of tramway, electric lighting, and electric power schemes, and of the various Acts dealing with "municipal public service industries." In addition to the general discussion, detailed information is given with regard to London, Edinburgh, Glasgow, Birmingham, Manchester and other towns. A not inconsiderable portion of the volume consists of quotations from Blue Books, Parliamentary Debates, Board of Trade returns, etc.; but, as these have been selected with care, the result is a useful collection of material relating to municipal trade.

The author's main object appears to be to prove that we have suffered severely from the impediments placed in the way of those industries from which municipalities have endeavoured to draw a revenue either by managing them themselves or by taxing the private undertakers managing them. Gas manufacture has flourished here because it has been comparatively unrestricted. But, as regards tramways and electric lighting, the want of trust in private enterprise has resulted in concessions being granted for comparatively short periods. The fact that the United States has 14,000 track-miles of urban tramways, whilst the United Kingdom, with about the same urban population, has only 3,200 track-miles of urban and inter-urban tramways (p. 90) is attributed mainly to the difference in the treatment experienced by private companies in the two countries in this respect, and to the "extortionate practices by the local authorities from motives of greed" (p. 51) in England. Stress is laid on the overcrowding in our large cities, and this is held to be closely correlated with the slow growth of the tramways, resulting from the action of our municipal authorities. The Royal Commission on London Traffic is appropriately quoted on this point (p. 305).

As to the electrical industries, these also have been greatly retarded by the same causes, according to Mr. Meyer. The concessions granted to private companies in the United Kingdom during the five years following the passing of the Act of 1882, in which the concession period of 21 years was authorised, were in number as follows:—55, 4, 0, 1, 0 and 0; and all but one of these were revoked for non-use. In the United States, on the other hand, where private trade is encouraged, the numbers of central

lighting stations opened in the same years were as follows:— 27, 47, 55, 100, 147 and 160. Facts of this description are brought forward to prove that British industry has been paralysed because local authorities, while unwilling and not well able to break new ground themselves, have nevertheless stood in the way of the willing private undertaker.

Opinions will no doubt differ as to whether the author has proved his case or not. Personally, I believe that the disastrous results described are to be mainly attributed to the causes named, though it must be admitted that the question is treated in a somewhat one-sided fashion in this volume. For example, Mr. Meyer makes an interesting point in showing that in ocean telegraphy, the only branch of electrical industry in which the baneful effects of municipal influence have not been felt, England still retains the lead, though left behind in every other field of electrical science. Some of us may, however, be tempted to attribute this result largely to the advantages experienced by a free trade country competing in an open market. Then again, in the case of English tramways, the author does not make sufficient allowance for the effect of our narrower roads, or of the greater difficulty of purchasing land near the suburbs in old countries. His advocacy of the American system of uniform fares, moreover, is carried too far. Glasgow may have framed the scale of fares on its municipal tramways under the influence of popular pressure, and with the needs of one class too exclusively in view; and that class may have been one not easily tempted to move into the suburbs. But this hardly proves that a properly graded system of fares is not the best, in some circumstances at all events. Lastly, it can hardly be denied that the English method of granting concessions for limited periods has the advantage that some of the unearned increment is transferred from private owners to the public, and to this merit Mr. Meyer seems to be quite blind. With every increase in the taxation and regulation of municipal monopolies up to a certain point, some of the resulting benefits to the public will increase also; but the resulting disadvantages due to the check on private initiative will increase in a corresponding manner. What we have to do is to endeavour to discover the point at which the result, taken as a whole, is the best attainable, and I certainly agree that far more liberty and encouragement should be given to private traders than has been the case with regard to English electric lighting, for example. But we cannot hope to arrive at a correct solution of these difficult problems unless both sides of the question are clearly held in view.

Mr. Meyer certainly draws an alarming picture of the unsystematic and objectionable manner in which our municipal authorities have opposed private trade. Whether his ways of expressing his views are always judicious the reader must judge. In his concluding chapter we are told that "nowhere in Great Britain has the electric street railway been used for the purpose of decentralising" the population; and that "in this matter the British cities have shown an indifference to and a disregard of the public health, physical as well as moral, that for brutality have no parallel in the records of private industry" (p. 324). Coming from an intelligent foreign critic, after a very careful discussion, these words are startling. The accusation against our local authorities that they are indifferent to suffering is grossly unfair; but in reading these outspoken comments I cannot but feel something of the sensations of the clergyman in the story, who thanked the bystander for expressing sentiments suitable to the occasion in words he himself could not possibly have used. I wish that some of the energy now devoted to the creation of garden cities might be, not diverted, but used also to force our authorities to consider questions relating to suburban locomotion in a more rational manner. To many of the sentiments expressed in this book approbation may, however, be given without any qualification. We are warned that the public are being completely blinded to their own interests by the argument "that a business in which had been invested 'the people's money' must not be impaired by" private competition (p. 325); and a study of this work, though one-sided, would certainly help to cure our blindness to some of our own faults.

LEONARD DARWIN

Government Regulation of Railway Rates. By HUGO RICHARD MEYER, Assistant Professor of Political Economy in the University of Chicago. (New York: The Macmillan Co., 1905. Pp. xxvii—486. Price 6s. 6d. net.)

It is to be hoped that even the fact that on its title-page it appears to be concerned with the economics of transport will not deter English economists from reading this book. For it throws very interesting light—and it is, as far as we are aware, the first book in the English language to do so—on an important side of the fiscal policy of Germany. It is true that the German story only occupies one-fourth of the book. But to our thinking it is much the most original and valuable portion. The story of the

remaining Continental countries and of Australia is little more than an impressionist sketch, while in the latter half of the volume, which deals with the United States, we cannot think that Professor Meyer shows quite sufficient academic detachment of mind. Take, for instance, his criticism of the Inter-State Commerce Commission. With every inclination to agree with Professor Meyer's conclusions, the present writer is bound to admit that the Commission have more to say for themselves than the Professor allows. We may cite, as one example, the "basing point" system of rate-making—the system, that is, under which through rates are only given between important centres, so that traffic from a local station, say, fifty miles north of New Orleans to a local station fifty miles south of Cincinnati, would have to pay the local rate back to New Orleans *plus* the through rate, thence to Cincinnati *plus* the local rate from this latter city to its destination. This system, common in America, more especially in the Southern States, the Inter-State Commerce Commission has vigorously opposed—without much success hitherto, it must be acknowledged—and Professor Meyer equally vigorously champions. He may be right—from the railway point of view he certainly is; from the point of view of the greatest happiness of the greatest number, as measured by the lowest average rate, he probably is right also. But the system looks unfair on the fact of it; undoubtedly works considerable injustice as between, for instance, a town just big enough to be, and a neighbouring town just not big enough to be a "basing point"; and has been condemned, as strongly as by the Commission itself, by economists of distinction who have specially studied the subject, amongst others, if we mistake not, by Professor Ripley of Harvard. It must be admitted, in fairness to Professor Meyer, that in his chapter on Australia he makes out a strong case against sliding-scale rates—or, as he prefers to call them, "tapering" rates—(*Staffeltarife*, *Tarifs à base décroissante*) in a new country, and it must also be admitted that sliding-scale rates are almost a necessary alternative if the basing-point system is not to be adopted. For all that, we cannot see that Professor Meyer is entitled to adopt so positive an attitude. He knows, if he will permit us to say so, too much about his subject. On a subject so new and so intricate as the influence of methods of railway rate making on the development of a new country, positive assertion may well be left for those who are not hampered by any excess of knowledge.

Having ventured to criticise Professor Meyer, perhaps the

present writer may be permitted to express his substantial agreement with the Professor's conclusion of the whole matter in his last paragraph :—

“ The verdict of the experience of the countries of Continental Europe and of Australia, as well as the verdict of the experience of the United States, under both the Federal Inter-State Commerce Commission and the several State Commissions, is unmistakable. It is impossible for the State to conserve and promote the public welfare by intervening in the regulation of railway rates beyond the point of seeking to abolish secret personal discriminations, guaranteeing that all rates shall be reasonable *per se*, and providing that those rates which involve the question of relative reasonableness shall embody compromises which were made with intelligence and in good faith.”

The verdict of English experience only confirms that of the other countries mentioned. The present writer has on two occasions recently discussed the question of the extent of State interference, which, in the public interest, is ideally desirable, with two men of eminence in their respective branches of the railway profession, the one an American and a lawyer, the other an Englishman and a practical manager. Both of them agreed with him in a conclusion formulated somewhat as follows :—“ The State should only interfere to secure (a) absolute publicity and (b) equality of rates under similar circumstances. If a railway manager can show in two given cases that an inequality of rates is *bona fide* caused by circumstances of, in his judgment, commercial dissimilarity, he should be permitted to take his own course. He may be wrong, but he is more likely to be right than any State tribunal. Such a tribunal can usefully act as a *forum conscientiae*, express opinions, and give advice. It should only exercise compulsion when the manager's action is such that no reasonable person could honestly justify it.” A somewhat lame and negative conclusion and one that would render superfluous not a few score volumes of legal reports and text-books. But as there is not the remotest hope that it will find acceptance in practice in any single country in the civilised world, perhaps there is no necessity to expatiate upon it.

Professor Meyer's criticism of Prussian railway history, since Bismarck first adopted a policy of State ownership, about a quarter of a century ago, can best be put in the form of a syllogism. Railways can only exercise their full beneficial influence in developing the trade of a country when their rates are based on the principle of charging what the traffic can bear ; a government must necessarily be, or at least seem to be, impartial between com-

peting interests—cannot, that is to say, venture to adopt this principle; therefore governments should not own railways or even control their rates. And in defence of his thesis he certainly brings forward some remarkable facts.

“Geographically, Mannheim, at the head of navigation for sizable vessels on the Rhine, is in the same position as St. Louis, at the head of navigation for sizable vessels on the Mississippi. In 1900 there were carried into and out of Mannheim 7,000,000 tons of freight by vessels, and 5,300,000 tons by rail. In that same year there were carried into and out of St. Louis 700,000 tons of freight by vessel and 24,600,000 tons by rail. Mannheim is the product of the State ownership of the railways, which system has paralysed the development of the ancient and neighbouring city of Frankfort on the Main, immeasurably better equipped with capital than is Mannheim. . . . The Railway Department may not give Frankfort, Bremen, and other cities railway differentials which will put those cities on a footing of equality with the cities served by rivers and canals, for that would be departing from the hard and fast scheme of rates based on the distance tariff principle.” [pp. 455-6.]

Indeed, the famous Prussian Finance Minister von Miquel laid it down as an axiom that State railway rates must be inflexible. “The system of government ownership will,” he said, “break down, unless it shall prove possible to find refuge from the jealousies and conflicts of local and sectional interests behind the stone wall of a system of hard-and-fast railway rates, which admits of no exercise of discretion.” This stone-wall system of railway rates protects German producers in competition with each other from discriminative treatment, and protects them also as a body from foreign competition. But when it is a question of encouraging German exports, gaps are made in the wall, and the results are remarkable. One would expect *a priori* that the Rhine, a rapid stream, would carry more traffic downwards than upwards. But in fact we find that of the exports from Germany to Holland the river-borne proportion decreased between 1873 and 1898 from 69 per cent. to 49 per cent. of the total, and the rail-borne proportion increased from 20 per cent. to 46 per cent. Into Germany the railway-borne proportion fell from 43 per cent. to 13 per cent. of the total, while the water-borne increased from 55 per cent. to 82 per cent. Import traffic, that is, was met on the railway by the stone wall; exports enjoyed the benefit of the special export tariffs.

English Chambers of Commerce are wont to pass resolutions—mostly without discussion—to the effect that English trade is

handicapped in competition with foreigners by the higher English railway rates. They give no proof of their assertion, possibly for the sufficient reason that figures to prove or disprove it are not in existence. But perhaps they will be interested to learn that an eminent German authority calculates that "in Germany the transportation charges constitute 28 per cent. of the cost of producing pig-iron, as against 10 per cent. in England" (p. 23). Not a few other points bearing on our own fiscal problem are raised in Professor Meyer's book. On p. 209 there is a table showing that the difference between the *London Gazette* price and the Nebraska farm price of wheat per quarter fell between 1870 and 1889 from 29s. 9d. to 11s. 8d. Since then it has practically remained stationary. On p. 240 he endorses one of the main arguments of our tariff reformers in the following words:—"The leading advantage which the American manufacturer has over the British and German manufacturer is the size of his unimpeded home market." On p. 95 he tells us that "German men of affairs (apparently, however, referring only to the iron trade), in discussing the future of Germany, are inclined to leave Great Britain out of consideration, and to confine themselves exclusively to the conditions of production in the United States."

Lastly, we may notice that the Australian Commonwealth has supplied us with a definition of railway rates which are respectively differential and preferential. It reminds one of the old distinction between orthodoxy and heterodoxy. A differential rate is "a legitimate reduction in rates made in order to develop traffic." A preferential rate is a rate that "aims to give one city traffic that properly belongs to another." Will anyone, even Professor Meyer, be inclined to be too hard upon a Prussian railway official who is unable to construe and apply this luminous definition?

W. M. ACWORTH

The Clothing Industry in New York. By PROF. JESSE ELIPHALET POPE. (Social Science Series. Vol. I. Published by the University of Missouri.)

THE clothing trade, in Professor Pope's definition, includes only "men's and children's outside wearing apparel and women's cloaks." It thus corresponds pretty nearly with what in England we call the "tailoring trade."

The history of that modern branch, the "ready-made tailoring," is curiously parallel on both sides of the Atlantic. It has

in America, as here, partly superseded second-hand clothing, partly supplied a new market extending "downward to the manual labouring class, as well as upward into the professional and capitalistic classes." In both countries the early manufacturers of ready-made clothing seem to have been also dealers in second-hand garments, which is possibly the reason why Jews early prevailed in the trade, where they continue to prevail. The various stages of this ready-made trade are carefully traced; the great impetus given by the invention, in 1846, of the sewing machine, the subdivision of work, the introduction of cheap labour and home work, the appearance of the middleman, the differentiation of the tailor into a group made up of cutter, baster, "operator" (or, as we should say, "machinist"), finisher, and presser—in short, we follow step by step the change from the craftsman to the factory. Thus, with an accompaniment of low wages and long hours, but with wages tending to rise (except probably in the case of home workers), and with hours tending somewhat to diminish, the trade increased between 1860 and 1880 to the extent of about 600 per cent.

The housing and sanitary conditions of a large number of workers were for some years deplorable to an almost indescribable degree. In Chapter V. is repeated the instructive history of New York's struggle to repair evils which it had omitted to prevent. A sample of the laws found necessary is that (passed as late as 1903) which required that each room should have a window, and that windows should open upon a recess not less than six feet wide. No wonder that an endeavour was presently made to regulate the manufacture of clothing in living-rooms. The first enactment required a licence for the room, and a descriptive tag for the garment, and forbade the employment in any tenement used for eating or sleeping of persons who were not members of the family residing in it. The law has undergone various modifications, of which the most important are those making the owner of a tenement responsible for its unlawful use and requiring (on the responsibility, of course, of the landlord) a certain sanitary standard in the common parts of a tenement house as well as in the private rooms of the tenants. By the action of these laws the course of the trade has been turned towards the trade workshop as distinguished from the domestic workshop, and such domestic workshops as remain have been brought up to a better standard. Deficient ventilation is still common, partly because many workers are hostile to fresh air; but at least, as Professor Pope points out, fewer hours are spent in the workshop, and,

moreover, their "ventilation . . . is probably better than in the homes of a majority of the workers."

This trade has been the field of varied and often conflicting methods of payment, the employers generally preferring a piece rate and the unions generally a time rate. Since 1901 the unions, which had unwisely tried to fix a maximum time rate, have contented themselves with fixing only a minimum, and the hostility of the employers has diminished; while the unions on their part, having compiled "carefully itemised schedules" of piecework prices, such as the English tailor knows by the name of "the log," have relaxed their resistance to piecework. Both systems now exist side by side, sometimes for different processes of the same garment. A third method toward which Professor Pope seems not unfavourable also appears. This consists of a time wage conditional upon the turning out of a fixed amount of work. This method is particularly liable to insidious reductions in slack times, and reductions being notoriously more difficult to recover than to resist, the unions were probably well advised in their opposition, which "has been no small factor in the decline of the system" now by no means prevalent. Organisation in the ready-made clothing trade has been difficult owing to the prevalence of home work and of small workshops, and has advanced with the modern development of the industry. The presence of many Jewish workers, also, has created a special difficulty indicated in the following sentences: "The Jew's conception of a labour organisation is that of a tradesman rather than a workman . . . he considers his employment in the clothing industry as merely temporary." And, in fact, it seems to be true, both in England and in America, that though Jewish tailors remain a constant factor, each individual Jew tailor is apt to develop into a small trader. Space forbids a detailed examination into the rules of the United Garment Workers' Union, which are, on the whole, enlightened and well-considered. The society has succeeded in greatly diminishing overtime, and in practically abolishing the objectionable custom under which the essential accessories of the work were furnished by the worker. Its policy has been "to avoid as far as possible all labour disturbances." Yet small local strikes are frequent, as is apt to be the case in season trades. Moreover, there is at present a disposition to become much more militant, and to enforce by a stringent boycott the use of the union label. The Employers' Association, likewise, has "a black-listing scheme," and it is obvious that dangerous elements are accumu-

lating on both sides. But, on the whole, it is to the union that the worker owes nearly all his progress. "The trade unions easily take rank above all the other social forces at work on the east side; the union has been to the father what the public school has been to the child. It has raised his standard of living, instructed him in American ideals, awakened his dormant consciousness, and widened his mental horizon."

Professor Pope and the University of Missouri are to be congratulated upon a volume full of research and upon having stored, accessibly, a great accumulation of valuable facts; and it is perhaps ungrateful to complain that there is a lack of interest and of charm in the record. English readers have perhaps been spoiled by Sir Charles Booth and by Mrs. Webb, who combine with solid knowledge a delightful gift of literary presentation. That gift Professor Pope does not possess, and his volume is only likely therefore to be read by the very few persons who are specially interested in his subject. This is a pity, because it would be immensely advantageous for the public at large to read and grasp the history that he has written.

CLEMENTINA BLACK

SOME COLUMBIA UNIVERSITY PUBLICATIONS.

The Economics of Land Tenure in Georgia. By ENOCH MARVIN BANKS, Ph.D. (vol. xix., No. 1, pp. 142). *History and Criticism of the Labour Theory of Value in English Political Economy.* By ALBERT C. WHITAKER, Ph.D. (vol. xix., No. 2, pp. 195). *Combination in the Mining Industry: A Study of Concentration in Lake Superior Iron Ore Production.* By HENRY RAYMOND MUSSEY, Ph.D. (vol. xix., No. 3, pp. 168 and Charts). (New York: Columbia University Press; The Macmillan Company, Agents. London: P. S. King. Price 4s. net each.)

Two works on applied and one on pure economics comprise the present batch of publications, the two former confining themselves chiefly to the conditions during some 40 or 60 years, in certain specified industries; Land Tenure in Georgia in one case and Concentration in Lake Superior Iron Ore Production in the other. Mr. Banks's monograph is mainly a statistical and historical narrative, the more purely economic reasoning being reserved for the final chapter. Chapter I., by way of introduction, traces the growth of large holdings before 1860, and presents the

case for negro slavery, "not so much in justification of it as it there existed, as in explanation of its persistent hold upon the people of the State." Chapter II. is occupied with the conditions and tendencies in landowning since the war. The rise and influence of the "agricultural credit system," and the means by which relief from its burdens is made possible, form the best part of the work. The treatment of "Landowning among the negroes" is not much inferior, though by comparison heavy, and is followed by a dissertation on the various systems of farm-holding in actual existence. Finally, the concluding chapter sees the application of the distinction between the statics and dynamics of economic problems and considers the probable future developments of the system. Throughout the work there is a liberal but, on the whole, judicious use of statistics, and the author shows himself, when free from their trammels, to possess a simple and easy style and a power of clear narration. Further, he appears to be endowed with something of Mr. Gladstone's capacity for shedding a ray of light upon even the dulness of statistics.

Mr. Mussey [Combination in the Mining Industry] adopts a different method, devoting his first chapter to an exposition of the Theory of Concentration, namely, that with the growth of capital concentration in the control of the mines is inevitable, Monopoly being the logical conclusion. The causes of this are found in the co-existence of an increased cost, due to the Law of Diminishing Returns, and of a fall in price, the result in part at least of the purely local phenomenon of the committal of much of, at any rate, the Lake Superior ore to particular iron-makers. The book as a whole is an attempt to study the "tendencies inherent in large-scale production" as presented by one phase of the steel industry, which with the making of iron is "pre-eminently the industry of large capital." Of its six chapters, the first deals with the theory and the second with the natural conditions of concentration. Following this the author deals in turn with the three periods in the growth of the industry, namely that of small capital and exploitation, concluding about 1873, secondly moderate capital and preparation, covering something less than 20 years, and thirdly large capital and concentration, extending roughly from 1892 to 1901. The economies and advantages of large scale production and the possibility of further concentration are considered in a final chapter, entitled "The Present Situation: Monopolisation." There is also an appendix of tables, chart and map; and, like Mr. Banks, the author is not afraid to use statistics, though less happy in their manipulation. It is unfortunate that Mr. Mussey's

subject necessitated a preliminary discussion of the theory of concentration, resulting in a certain amount of repetition and overlapping and the obtrusion of reservations and side issues. The comparison of this with the clear and symmetrical development of Land Tenure in Georgia is certainly unfavourable; and though affording proof of ability, knowledge and industry, this work cannot be said to be in any way equal to that of Mr. Banks.

In dealing with the Labour Theory of Value, Mr. Whitaker found two courses open to him, and he appears to have chosen the less convenient one. In our view, to restrict himself to a critical survey of some eight economists, beginning with Adam Smith and ending with Cairnes—what he calls an “intensive study” of the chief writers—appears far less calculated to exhibit clearly the development of this theory than the rejected “extensive” method. In the first place the beginnings of the most important theories and changes, as in the case of that of rent, are often found in the less important writers; and the method here adopted of a critical survey of a few economists, some of whom, according to the author, “contributed nothing but error to the theory of value,” produces the impression that the historical has been unduly sacrificed to the critical side of the subject. It would appear, too, that the Labour Theory of Value stands more in need of a clear and simple narration than of that form of minute criticism of which Mr. Whitaker is master. For ourselves we should doubt whether he has been altogether happy in his choice of a subject, for his great critical faculty and power of seeing distinctions would be far better devoted to some subject where such criticism is more needed. He has clearly exposed many minor differences and some real inconsistencies. But this sometimes comes to resemble the hair-splitting of the mediæval scholiasts, arguing as to the number of angels that could dance on the point of a pin. Not a few of the discrepancies indeed are so slight as to constitute a distinction without a difference; and it would have been far better to have devoted a larger space to the influence of the English Labour Theory on German, and especially Marxian, Socialism. At the same time it is only fair to confess that these defects are largely due to the exigencies of his method. The pity is that he has not seen fit to adopt a more historical and “extensive” survey, in which full play would probably have been given to his keen critical insight.

N. B. DEARLE

Pre-Malthusian Doctrines of Population: A Study in the History of Economic Theory. By CHARLES EMIL STANGELAND, Ph.D., sometime University Fellow in Economics. (New York: The Columbia University Press. London: P. S. King & Son. [Vol. xxi., No. 3, of Studies in History, Economics, and Public Law, edited by the Faculty of Political Science of Columbia University.] Pp. 356. Price \$2.50.)

DR. STANGELAND'S research is so laborious and so serviceable a piece of work that one hesitates to do the fault-finding which seems to be called for by his first chapter, on "Classical Doctrines." This, the most important part of his field of survey down to the sixteenth century, is but scantily covered in comparison with the rest. Among the ancients, strictly speaking, it is only in Plato and Aristotle, and in some of Aristotle's citations, that population-doctrine emerges as "economic theory" at all. Aristotle, however, is treated by Dr. Stangeland with extreme brevity; and for the legislation of Pheidon at Corinth, and the restrictive practice at Crete, he refers us solely to Bertheau, not mentioning the *Politics*, ii., 10, where the unpleasant tradition in regard to Crete is specified. There are other naïve references. "Suc. Demonax" appears to be a miscarriage of a second-hand reference to Lucian's *Life of Demonax*; names in all other cases being given fully; and in one or two cases we are referred to an "*op. cit.*" not previously mentioned. In the section on Rome, again, for two statements as to the agrarian and sumptuary laws of Julius Cæsar we are referred to the article on Population in the *Grand Dictionnaire Universel* and to Suetonius on Julius, c. 20, whereas the authority for the statement of the *Dictionnaire* is also Suetonius, c. 43, and Eusebius as cited by the commentators thereon.

The classical section as a whole is thus somewhat slightly handled; and what appears to be disproportionate attention is given to the sacred books and the Christian Fathers, where the doctrine presented is not economic, but ethical. A section dealing with the ascertained ideas of savages and barbarians, again, might usefully have preceded the chapter on "Religions and Population," which in itself is unduly sketchy. For a loose sentence about the teaching of "the sacred books of Zoroaster, the Zendavesta," the sole authority offered is again the *Grand Dictionnaire*, and for the next sentence, as to Persian philoprogenitiveness, the only references are to Madame Blavatsky and to

Nietzsche's *Thus Spake Zarathustra*—and without page, at that.

From the third chapter onwards, however, Dr. Stangeland's investigation is thorough and satisfying. He makes it substantially appear that a scientific view of the population problem emerges in the modern world only in the sixteenth century, and in all likelihood as a result of Greek studies. Machiavelli, in his *Istorie* and *Discorsi*, and More in his *Utopia*, have glimpses of part of the truth; Ulrich von Hutten and Sebastian Franck come nearer it, alongside of the theological optimism of Luther, which may have moved them to their deeper reflection; a clear anticipation of the "law" of Malthus appears in the *Somnium Viridarii*, variously ascribed to Raoul des Presles and Philotheo Achillo; and there are approaches to it in the contemporary work of Bishop Patricius of Siena, *De Institutione Republicæ*. Thenceforth it is never wholly lost sight of; and the broad interest of Dr. Stangeland's research consists in the conspectus it yields of the fortunes of the scientific theory, which are always conditioned by the political circumstances of the time. In Germany after the Thirty Years' War, naturally, the idea of limitation does not press itself: in the England of the Elizabethan Poor Law, it no less naturally does. Bacon recurs to it again and again; and Raleigh practically reaches the scientific truth. Mercantilism stands for an interlude of expansive empiricism, comparable to the attitude of the Romans of the imperial period, who craved population for military ends, without ever contriving to forward it by their laws. Such a book, however, as Samuel Dugard's *Περὶ Πολυπαιδίας*, or, *A Discourse Concerning the Having Many Children* (1695), shows that individualist notions of prudence subsisted in England in the teeth of mercantilist optimism; and in France, where they seem to have been later in taking root, in the period of recuperation after Louis XIV., the diluted wisdom of Fénelon, set forth in *Télémaque*, becomes the stimulant of the school of Montesquieu. Dr. Stangeland in this connection makes the odd blunder of stating that "the famous poet François de Fénelon, Archbishop of Cambray, embodies his views on population, as on so many other matters, in poetical form in the *Telemachus*," further referring to Fénelon's "lines." To this entertaining view of that venerable work Dr. Stangeland has been led by his perusal of the English translation of the Rev. John L. Ross, done in a blank verse which might have sufficed to repel all suspicion of "poetry." As Dr. Stangeland's book was read in MS. by two American professors, and by another academic

friend, it would appear that *Télémaque* is becoming a "classic" indeed. A note by our author to a mention of Voltaire: "His real name was François Marie Arouet," suggests yet further mutations of taste; as does the reference: "tome première."

If there is anything to be said in criticism of Dr. Stangeland's later chapters it is that he is somewhat over-liberal of space to literature which hardly contributes to "economic theory," and sometimes overpraises it, as in the case of Suessmilch. But he has none the less made clear how continuously the doctrine of Malthus was led up to throughout the eighteenth century by writers of various nations. So general was the preparation that Malthus's notoriety is easily seen to be ascribable to his special political application of a doctrine already well known, not to any sense of shocking novelty in the theory itself. A survey of the vogue of the doctrine and its modifications since Malthus would be further illuminating, and Dr. Stangeland could be trusted to do it carefully. Meanwhile, the present volume might be scientifically strengthened by a systematic indication of the actual course of population, and a study of the processes of causation. In some parts this would be facilitated by a fuller use of the excellent work of Lucien Schöne, a closer study of which might have guarded Dr. Stangeland against some mistakes. The book is also well worth an index, which it lacks.

J. M. ROBERTSON

The Ecclesiastical Edicts of the Theodosian Code. By W. K. BOYD. (Columbia University Studies. New York: Columbia University. Pp. 120.)

IF this monograph is to be taken as an average specimen of the work required from candidates for the degree of Ph.D. at Columbia University, it shows that the standard to be reached is a high one. It is altogether an excellent piece of work, bringing rapidly into focus the struggles between paganism and Christianity, and between orthodoxy and heresy, and especially the relationship of the civil and ecclesiastical institutions, during the later Empire of Rome, from the point of view of the imperial edicts in the Theodosian Code. It shows a careful examination of the texts and of the best authorities on the subject, and contains a number of acute and suggestive comments. Particularly interesting are Chapters V. and VI.

Unfortunately there are a good many slips, especially misprints of Latin words (*e.g.* pp. 47n1 and 82n3), which require correction.

H. GOUDY

The Factory Legislation of the State of New York. By F. R. FAIRCHILD, Ph.D. (Published by the American Economic Association. November, 1906. Pp. 212. Price, \$1.90.)

THIS is a very useful summary, as far as it goes, but it is impossible not to regret that the author's self-imposed limitations excluded the topics of the regulation of tenement house industry and bakeries. These highly interesting and controversial subjects having been ruled out, the book appears a somewhat dull, though able and conscientious, monograph. Factory legislation in the State of New York dates practically from the year 1886, the earlier Acts having been ineffective and unimportant. The movement for regulating child labour became successful through the coalition of two social forces dissimilar in origin, viz., trade unionism and organised philanthropy. In 1884 the Working Men's Assembly combined with the Society for the Prevention of Cruelty to Children to agitate for the regulation of child labour, and in 1886 the employment of children under 13 was prohibited, the employment of minors under 18 and of women under 21 was regulated, and the hours of work were limited to 60 per week. Women under 21 were not included under the Factory Act until 1899. In Chapter X. Dr. Fairchild gives the results of a very interesting investigation into the effects of the limitation of women's hours of work. The statistics published by the factory inspectors show that between 1887 and 1900 there was "a general tendency towards shorter hours of labour," but that the reduction had taken place mainly within the legal limits, that is to say, both the percentage of factories working less than 48 hours and the percentage working 49 to 54 hours a week have increased in a very marked way, while the percentage working 54 to 60 hours has actually decreased. Dr. Fairchild points out that the legal limit being 60 hours, the shortening of hours observed cannot be due to the influence of the law. I would suggest, however, that the shorter hours, though not directly due to legal enactment, may be indirectly influenced by it. The institution of common rules for hours and conditions of employment, it has been often pointed out, tends to favour the better class of employers. Under unregulated competition it is generally found that some masters work shorter hours than others, either because they are more humane, or have better machinery, or wish to attract the best workers, or find they get better work done in shorter hours. Let us suppose that previous to legal regulation factory A works 12 hours, and factory B, with better machinery and better

management, works only 11 hours. The master of B would prefer to work only 10 hours a day, because he thinks on the whole the work would be better done and better organised, but he cannot afford to do so while A works 12 hours. The passing of a Factory Act then restricts all factories to 11 hours, and brings A up to the level of B. B wishes to maintain a position of superiority to A and have the first choice of hands, and with his better appliances and management he can now reduce working hours to 10. This is no fiction, but plain historic fact. Robert Owen was able to reduce working hours to about $10\frac{3}{4}$, while his competitors worked 13 or 14. Some good employers of the present day can limit them to 8 or 9, because their rivals may not exceed 10 or $10\frac{1}{2}$. Another interesting chapter is that on the Interpretation of the Factory Law by the New York Courts (Chapter VII.), which shows that in the last few years the decisions of the courts on questions of employer's liability tend in the direction of increasing the employer's responsibility for accidents and injuries to the employed. In 1888 the Court of Appeals decided that even a boy under 14 must be considered to have voluntarily assumed all the risks of employment, and that the employer was not liable for injury caused by an accident, even though he had neglected to provide the machine guards required by the law. Later decisions show a spirit of less extreme individualism as far as children are concerned.

Dr. Fairchild's book is marked by an eminently fair and impartial tone, and his investigations should be studied by those who are interested in the great social problems that are shaping themselves in the States.

B. L. HUTCHINS

The Modern Trust Company, its Functions and Organisation.

By F. B. KIRKBRIDE and J. E. STERRETT, C.P.A. (Macmillan & Co., New York and London, 1905. Pp. xi. + 309.)

THE trust companies of the United States now number 1,427 and their deposits amounted to £470,000,000 in the middle of 1904, or rather more than half the deposits in the national banks. The main differences between the two classes of institutions are that banks may issue notes and discount their customers' paper, but may not advance money on real estate or lend more than one-tenth of their capital to any one individual, while trust companies have not the right of issue and in some States are prohibited from discounting bills, but are free from restrictions as

to the nature and amount of their loans. The functions of a trust company are banking; acting as trustee under corporate mortgages and trust deeds, including the authentication of bonds, the payment of interest, the registration of stock and transfers; the execution of individual trusts; the care of securities and valuables; life and fidelity insurance, which, however, are passing into the hands of special companies. They are incorporated under State laws, and in recent years have increased more rapidly than national banks. According to the Comptroller of the Currency, "these companies, organised under State laws originally designed to provide for companies doing a strictly trust business, are taking advantage of the liberal character of those laws, and a very large portion of the new organisations are merely commercial banks, having trust company privileges, perhaps, but in reality doing comparatively little strictly trust business." The importance of the trust companies as a supplement to the ordinary banks is occupying more and more of the public attention, since they enjoy great freedom from Governmental interference, restriction, and control, and it is noteworthy that Massachusetts requires a legal reserve to secure deposits. The formation of underwriting syndicates to float new railway issues or to finance industrial consolidations or "trusts" has been a prominent feature of the American financial world in the last ten years, and the great trust companies have played their part therein, too great a part according to Mr. Lawson, of "Frenzied Finance," and other less violent critics. The authors of the present treatise discourage all such stockjobbing enterprises, remarking that "an interest should never be taken in underwriting syndicates unless the intrinsic value of the securities has already been demonstrated."

Messrs. Kirkbride and Sterrett are only incidentally concerned with the higher financial problems of the trust company; what one might call financial mechanics are their main theme. The practical work of every department of the office, from the duties of the president to the best methods of registering correspondence, are successively brought under review. The merits of bound *versus* loose-leaf ledgers, the different ways of filing papers, the most efficient means of check, are doubtless questions of more immediate interest to an accountant or bank clerk than to the economist, but they also serve to indicate the infinite complexity of a large business and the division of labour, the check, and the routine which makes a body of clerks simulate a machine. The book is illustrated with numerous copies of ledger-pages, forms of account, all the documents in use in a banking business, and may

be recommended to every bookkeeper anxious to know whether he has reached the utmost limit of efficiency.

HENRY W. MACROSTY

Money and Currency. By JOSEPH FRENCH JOHNSON. (Boston : Ginn & Co.)

Few subjects are more interesting than the theory of money. The variety of monetary experiments has given the economist a better opportunity for testing and illustrating his theories in relation to this branch of economics than he possesses in relation to any other. We cannot, therefore, feel surprised if book after book is written on the subject, or if most of the books add but little to our previous knowledge of the subject. Professor Johnson's book was not needed. It makes no important addition to the subject. The exposition is not remarkably lucid ; the writing is not remarkably elegant ; at times the fundamental difference between money and the metal of which it may be made is not sufficiently emphasised. Until the underlying conceptions are made evident, all details as to coinage, credit, banking or kindred topics will prove confusing to the reader. Further, the peculiar characteristics of the precious metals are not sufficiently made clear. No doubt it may be true that "The supply of a commodity produced under conditions of free competition is so regulated that its value in the long run coincides with the cost of producing it under the most unfavourable conditions"—but how long is the "long run" in the case of gold? Gold lasts a long time ; people, it is true, will not mine gold at a loss, but the cost of production of gold at any given time has very little influence on the value of gold at that time. That the price of (say) boots tends to coincide with the "cost of production" of boots is true, because boots wear out quickly ; if the cost of production of gold became and remained infinite for a century the value of gold would not tend to become infinite ; but is not a century a "long" time? In short, the author is a pronounced "metallist" ; as such he gives a most fair account of the bimetallic controversy ; perhaps he is a little too lenient to some of the nonsense talked by the "gold bugs," but on the whole nothing could be fairer than his treatment of the dispute, and his discussion of the subject is the most readable and attractive part of the book.

Canadian readers will be gratified to find the high praise which the author bestows on the Canadian banking system ; it has, without doubt, many good points, yet to fix the limit of the

notes issued at the amount of the banks' capital can hardly be a theoretically perfect system. The Canadian system does, however, deserve much more attention than is commonly paid to it in England.

The treatment of index numbers is meagre; the statistical theory is not explained, and there is no proper reference to the literature of the subject. A further and more serious defect is that the author in his references to the literature at the end of each chapter only refers to books written in the English language. There can be no sufficient reason for this. Students must read books in various languages if they are to make any full study of the subject, and the necessary references should have been supplied. There is no ground for supposing that all important books are either written in or have been translated into English.

C. P. SANGER

Le Travail au Canada. By ALBERT MÉTIN. (Paris. 1905. 8vo. Pp. 34.)

THE publications of *Le Musée Social* for the year 1905 include the little brochure bearing the above title, and sketching the condition of the industrial population of Canada. It is a useful summary of the existing situation, and gives a good deal of information in a brief compass. The extent of manufacturing activity in relation to the population is first dealt with; the chief features of the industrial legislation of the different provinces receive attention in the second section of the essay; while the development and aims of labour organisations occupy the final and longest section.

The outline of factory legislation is unfortunately somewhat defective. It is not quite easy to understand on what principle the Factory Act of Manitoba is included, while that of Nova Scotia receives no mention, though the mining laws of Nova Scotia are referred to. The omission is the more strange, as reference to Nova Scotia would have made the enumeration complete, the New Brunswick Act being of too recent a date for inclusion. Perhaps the fact that it is only in Ontario, Quebec, and Manitoba that factory inspection has been actually instituted may afford the clue to the silence respecting Nova Scotian factory legislation. Another difficulty affects the statement as to Manitoba. The legislation of the prairie province went to a somewhat extreme point in 1900, in prohibiting child labour, while defining a child as anyone under sixteen. About a year before the date on the

cover of this pamphlet, a more moderate definition was adopted, identical with that of Ontario, making thirteen for boys and fourteen for girls the limits of age for prohibition of factory employment. At the same time, the restriction of labour, for young girls and women, to eight hours per day and forty-eight hours per week, was altered to nine hours per day and fifty-four hours per week. Newly-adopted legislation is apt to require revision in the light of experience, and only great care can succeed in keeping track of such changes in foreign law-making. This is sufficiently illustrated in the fact that M. Métin's account has the Manitoban legislation of 1900 as its basis, spite of the important changes of 1904.

In dealing with labour organisation a point is noted which is of great importance, namely, that many of the Canadian trade unions are organised as local branches of federations whose headquarters are in the United States. This feature is provocative of somewhat sharp criticism from those not in full sympathy with a strike or other manifestation of union activity in the Dominion. It is certainly unfortunate that Canadian workmen should sometimes have the policy of their organisations determined rather by the conditions which prevail in the United States than by those which affect the Canadian branches directly and most powerfully. It is true that the Dominion has its own federations of unions, and by no means all are organically connected with the federations south of the international boundary line. According to the figures cited by M. Métin, the international unions account for a considerable majority of all Canadian unionists.

The programme of the Canadian Trades and Labour Congress includes somewhat more extensive political action than that of its English prototype. Socialistic tendencies are marked in some labour organisations, especially among the miners of British Columbia, but no agreement to support the demands of the Socialist Party has been arrived at among the trade-unionists generally. Doubtless several points of the programme of the Congress might be described as socialistic, but this programme omits the most fundamental and comprehensive of the demands of those groups which frankly declare for socialism.

As M. Métin remarks in his concluding sentences, there can be traced in the social legislation, and in the organisation of the workers of Canada, influences whose origin is British and others of American origin, while the French element of the population has been responsible for special modifications of the plans derived from the two sources named. Thus Canada, in the realm of

labour, as in other matters, offers something special and original to the student, not merely a slightly modified reproduction of what can be studied elsewhere.

A. W. FLUX

La Révolution Industrielle aux dix-huitième siècle. By PAUL MANTOUX. (Paris : Cornely. 1906. Pp. 544.)

WITH the exception of Arnold Toynbee's unfinished sketch, and the last volume of Dr. Cunningham's "English Industry and Commerce," there is no book dealing at any length with the economic history of the eighteenth century. The sub-title, therefore, of M. Mantoux's book, "An Essay on the Beginnings of Large Scale Industry in England," raises expectations, and within the limits laid down in the introduction M. Mantoux gives a singularly interesting narrative of a singularly interesting period. These limits preclude him, indeed, from dealing with a good deal which is vitally connected with the subject-matter of his book. He has left on one side, perhaps wisely (save for a brief sketch of Malthusianism), all reference to economic theory. But it may be doubted whether it was equally desirable to draw the sharp distinction which he makes between "the laws which control industry and industry itself." It is true that in the period described not organised action but individual initiative was the conspicuous feature. Yet it is hardly possible to attain any comprehensive view of the social history even of the eighteenth century without a fuller account than he gives of the economic fabric on which the new forces worked, and of the degree to which they were aided or retarded by legislation. In the first part of his book, for example, "The old form of industry and its evolution," there does not seem to be any attempt to deal with the vexed problem of the degree to which Elizabethan regulations were alive at the beginning of M. Mantoux's period. How far was the assessment of wages by Justices of the Peace a fact, and what were its effects? Which are we to believe as to apprenticeship regulations, Adam Smith or Eden? Mr. Unwin has shown that within ten years of the passing of the Statute of Apprentices complaints were made that it was a dead letter. In 1705 we find a judge stating in court that "a custom to exclude people from a trade was a strange custom." Among the petitions which poured in to the committee on the apprenticeship laws in 1812 was one declaring "that the pretensions to the allowance of universal, uncontrolled freedom of action to every in-

dividual, founded upon the same delusive theoretic principle which fostered the French Revolution, are wholly inapplicable to the insular situation of this kingdom." Was this a revival, or a survival, or merely a negligible piece of eccentricity? Such matters have some bearing upon the industrial history of the eighteenth century, and it may be doubted whether M. Mantoux was altogether judicious in eschewing the study of the institutional side of the period. But on this point no two readers will feel quite the same.

As a recompense for these shortcomings, if shortcomings they are, M. Mantoux gives a full and interesting account of the changes which led to the development of the "great industry." On the technical discoveries there would hardly seem to be anything new to be said. His description of the commercial expansion which went hand in hand with them provides the logical *raison d'être* which makes their speedy success intelligible. He displays a knowledge of the local conditions of English life in the eighteenth century which in a foreigner is at once complimentary and somewhat overwhelming. To take one instance out of several—his account of the change undergone by the port of Liverpool, and of the part which it played in the development of North-east England. Originally the local market for the coal and salt of the neighbourhood, and the wool of Ireland, and assessed in 1636 to pay £5 ship money as against the £2,000 demanded from Bristol, it had, thanks to its colonial trade, attained, when Defoe visited it, a position which later made it one of the most valuable assets of the nascent cotton industry. In M. Mantoux's skilful hands its history becomes an epitome of the changes which during the eighteenth century were altering the status of towns in every part of England.

In the third part of his book M. Mantoux deals with the immediate effects of the industrial revolution in developing new lines of union and demarcation between social classes. He has, he tells us in his introduction, had access to the unpublished papers of Wedgwood, and to the business correspondence of Boulton and Watt. With this opportunity for seeing from the inside the working of two of the most celebrated establishments of the eighteenth century, he is able to give a picture of the kind of problem which faced the business man of the period in a way which, so far as we are aware, has never before been attempted. Following up this line of research, he devotes considerable space to the character and antecedents of the new class of employers which was developed as the commission system receded before factory

industry, and he comes to the conclusion that these *novi homines* were recruited mainly not from among the small masters, but from the fast disappearing yeomanry. "The yeomanry provided, so to speak, the materials for a society in the making. The industrial revolution opened to their unemployed energies a new career; the most enterprising and fortunate of the yeomen threw themselves into it, and fought their way up." In the same way the earliest factories absorbed not the artisan class, but a floating agricultural population.

In dealing with the change in the status of the artisan which took place in the eighteenth century, M. Mantoux is treading on ground which is more familiar. His account of the aims of the working classes and of the bewilderment of successive Governments brings out very clearly the impracticable conservatism of the former and the Government's dread of all combinations as a possible source of revolution; in particular he shows that in Parliament and among the employers themselves there existed a considerable party which was favourable to many of the working class demands, and which succeeded in extracting from Pitt the well-intentioned but unenforceable Arbitration Act of 1800. M. Mantoux's account of the origin of trade unions follows that given by Mr. and Mrs. Webb. It may be doubted, however, whether it is any longer possible to state quite definitely that "it was in the woollen industry, between 1700 and 1780, that the first working class organisations were formed." The instances given in Mr. Unwin's recent book on "Industrial Organisation in the Sixteenth and Seventeenth Centuries" seem to show that towards the end of the seventeenth century something like embryo unions were forming in various London trades. Perhaps the difference is due to the ambiguity attaching to the word "working-class." The typical "workman" of the eighteenth century was the small master, who was gradually being transformed into a wage-earner, and adding his long-inherited traditions of association to the economic pressure which formed the modern trade union.

In conclusion it may be said that M. Mantoux's essay is provided with a good bibliography, and written with a vivacity which would give interest to a much less excellent book.

R. H. TAWNEY

La Municipalisation du Pain. By F. G. TENERELLI. (Rome : Forzani. 1905. Pp. 66.)

THE author, who is a Professor of the University of Catania in Sicily, gives in this pamphlet an interesting account of the

establishment of Municipal Bakeries in that town and in Palermo, and then proceeds to discuss this branch of municipal trade generally.

Before 1902 bread was made in Catania at a number of private bakeries, under unhealthy conditions, by sweated workmen, the price not being low, and the quality inferior. The municipality regulated the price of bread, but did not attempt to regulate its quality, and its interference led to constant friction. Here, no doubt, were reasons enough for a reform of some kind; but it is interesting to note that the main underlying cause which led to the establishment of the municipal bakeries appears to have been a socialistic movement for the benefit of workmen. The public bakery commenced operations in October, 1902, and seems to have been very badly managed. About £4,700 was lost during the first fifteen months, and the number of workmen employed was raised from 404 to 557. The price of bread was, it is true, somewhat reduced, but the quality was, if anything, inferior, and the hygienic conditions were not much ameliorated. In short, the consumers, regarded also as citizens, were undoubtedly injured, with the exception of the bakers' labourers and the consumers of third-class bread (about 20 per cent. of the population), the price of that quality being kept unduly low. The above-mentioned loss was, to a considerable extent, due to arrangements, apparently of a permanent nature, which were made with the intention of compensating the private bakers, who were all squeezed out of the competitive field by various means in order that a complete monopoly might be established. This monopoly was, it is true, interfered with for a time by the establishment of a co-operative bakery, which produced better bread at a lower cost, and sold it at a lower price than that produced by the municipality; a convincing proof of their bad management.

At Palermo the conditions of the private bakeries were even worse. Here, however, the municipality merely established bakeries and mills to compete with the private traders, and no attempt was made to create a monopoly. The results are said to have been decidedly beneficial, for the private bakers both reduced their prices and produced a better article.

The conclusion arrived at by the author on the general question of municipal bakeries is that a monopoly should not be established, but that it cannot be decided without reference to local circumstances whether it is better to trust wholly to private trade or whether a *boulangerie municipale de comparaison* should be established. Here we are, as it seems to me, discussing two

questions at once, namely, the establishment of municipal trade and the method of combating industrial rings. In cases where a monopoly should on no account be established, municipal trade, according to my view, stands condemned; for it is best defended on the ground that it obviates some of the evils which arise from our competitive industrial system. Nor does Professor Tenerelli, I think, sufficiently realise the evils which are likely to arise from attempting to fight a bakers' ring by establishing a *boulangerie de comparaison*. The arguments against municipal trade depending on the danger of corruption, and the diversion of the attention of Local Authorities from more important duties hold good, though with diminished force, against this proposal. Then again, if the private bakers succeed in combining and under-selling the municipal bakery, what are the authorities to do? Are they to close their works? Or are they to lower their prices, and make good the deficiency out of the rates? In the latter case, will it not be said that a particular quarter of the town is receiving a bounty at the expense of the remainder; and also that the competition against the bakers is unfair? Or if the bakers combine to keep up the price of bread, what in that case are the authorities to do? If they sell at the market rate they will, in fact, be joining in the ring, and their efforts will have been a failure. If they sell below the market price, how is it to be decided who are to be the happy consumers of the limited quantity of low-priced bread, and is there not a danger of middlemen getting an undue profit? Do not these considerations show that a demand for a monopoly is certain to arise sooner or later, as at Catania and elsewhere? These considerations do not seem to have been sufficiently held in view in comparing the *boulangerie de comparaison* with private trade pure and simple, which, however, the author does seem to prefer on the whole. The results of the establishment of a co-operative bakery at Catania are instructive, and prove that beneficial effects would have resulted from such a movement during the *régime* of the private bakers. One is really tempted to say that, if a community is so feeble that it cannot take some such step in order to fight a bakers' combination, it indicates that the world will be benefited by its extinction in the struggle for existence.

This pamphlet is worth reading, not only on account of this general discussion, but also because it affords an excellent example of a preconceived socialistic idea inducing a community to adopt an unwise reform in circumstances where reform was no doubt required. Is there not a similar influence at work in

England which is causing us to neglect the consideration of the reforms necessary with regard to monopolies remaining in private hands in this country and making us think only what trades should be municipalised and what should not?

LEONARD DARWIN

L'Espansione Commerciale e Coloniale degli Stati Moderni. By MARCO FANNO. Torino : Bocca. Pp. xv. + 449.)

THE theory that the growth of population forms the motive power of commercial and colonial expansion, and that success or failure are alike the result of demographic conditions, was suggested in Professor Fanno's treatise on colonial land systems. It is the fundamental principle and constantly recurring theme of the larger and more comprehensive study now under review.

The arrangement of the book is simple, and its logical coherency very striking. Its first two hundred pages are filled with historical surveys, and include the stories of the colonial and commercial expansion of England, France, Holland, Germany, the United States of America, and of Japan. The author deals in the remaining chapters of the book with the general laws conditioning the development he has described, and finally the influence of those laws on theories of racial characteristics and the rise and fall of nations.

Fanno takes the break-up of the feudal system as his starting-point, and he shows that in that comparatively simple era when the natural condition of a country was one of self-containment capital quickly accumulated in quantities too great to find profitable employment. He repeats the theory of his former book that early commerce deals with products produced under different climatic conditions. At first this expansion is confined to trade only. Soon, however, the inefficiency of native production leads to the formation of plantation colonies. Capital is employed not only in trading, but in production itself. But how is labour to be found? Here Fanno introduces his explanation and historical justification of slavery. The mother country gives the capital, but she has so far no surplus of population, and emigration is very slight—almost non-existent. The few emigrants become landholders. To supply the need, then, can only be done by introducing slavery, and since the climate is too severe for the European, the negro is found to be the most profitable investment. Fanno treats this question as though it lay altogether in the past. True, in the most prominent of early examples—

that of the Southern States of North America—slavery has come to an end. But in Africa to-day European nations have, under circumstances almost identical with those of the past era, introduced every sort and kind of unfree labour. There are found surplus capital, products climatically unsuited to Europe, inefficient native production, uncertainty or absence of labour, conditions said to make outdoor work impossible for white men.

Fanno, however, regards slavery as the special characteristic of a form of colonisation prior to, and less important than, the modern type, namely, the settlement of Europeans in vacant lands having temperate climates. It is in this that the "economic demographic" factor plays the chief part. Under pressure of a growing population, extensive culture of the soil no longer gives a sufficient return. The adoption of an intensive system, and its progressive improvement by means of machinery, offers a new field for capital, and drives from the land the small proprietor and the greater number of agricultural labourers. The coincident decay of domestic manufactures and the beginning of capitalist industry necessarily follow. The "expropriated" and the agricultural labourer swell the ranks of wage-earners and proportionately lower their conditions of living. This, however, is at the moment an advantage to the capitalist, and he attempts by legislation to keep them in the country. But this is not possible, and it is at this stage in each nation's history that copious emigration begins. But colonisation cannot proceed in vacant lands unassisted by capital, and capital is fully engaged at this moment at home. Emigration, therefore, flows to other countries or to already established colonies. This accounts for the strange changes in emigration statistics. Thus English emigration in the early part of last century was chiefly to America. German emigration, at its height in 1880, has decreased as her Imperial policy has become more and more expansive. Italy at the present moment sends a steady stream of her people to the United States and the Argentine. It is, then, in the first stages of the transformation to industrialism that emigration is most copious. How does that transformation continue? Intensive cultivation, at first providing sufficient food and raw material, soon begins to fail. More and more of the population becomes absorbed into the industrial machine, and the need of obtaining agricultural products from without is pressing. This stage was reached by England in the eighteenth century. The problem for her was how to find a market where she might exchange her industrial products for agricultural. The self-contained countries of Europe

offered no opening. Her colonial system was the solution adopted. Colonies within the temperate climes could provide her needs. Their natural development, however, would have been to manufacture their own raw materials. The mother country prevented this, and bound them to her under a restrictive and prohibitive system. On this foundation England built up her immense superiority in industrial production, at the cost, as Fanno frankly admits, of the development of her colonies themselves. But it enabled her in 1846 to throw open her markets without fear of rivals, and it was the means by which she protected herself during the years of transition from agriculture to industrialism.

The history of France is not dissimilar, save that she had to face the competition of England and raise her customs barriers against her greater efficiency. This, then, makes up the first part of the modern expansion of Europe. What is to account for the free-trade movement which culminated in 1860 and was in active retreat by 1880, and the indifference of Europe to colonies, which was followed by an outburst of Imperialistic zeal? England's position is simple enough. After 1846 her colonies had done their work; she no longer needed to protect herself in their markets. Colonial autonomy was the necessary and natural result of her commercial supremacy. The European situation is more complex. That country, says Fanno, which presents the greatest diversity in the comparative cost of its productions is in the most favourable condition of all the competitors in international commerce. In the middle of the nineteenth century England, France, and Belgium occupied this position in regard to industry, the other States in regard to agriculture. The interests of all were therefore met by a system of free exchange. Free trade was victorious all along the line. The revival of protectionist doctrine was therefore attributed by the economists to superficial causes—such as trade depression, over-production, and the rest. Fanno finds a more fundamental cause, an element which was neglected in the classical theory of international trade. It is that cost of production varies with the amount produced, and the amount produced with the whole number of producers. Thus one by one the nations of Europe have been forced to industrialism and, in the face of fully efficient industrial nations, to protect their markets meanwhile by tariff walls. It is the changing conditions of population that have made protection necessary. Under statical conditions, free trade, he considers, would be the only possible policy. The result of the natural growth of popula-

tion in Europe, he points out, has been hastened by the competition with American agriculture.

On England, the industrial competition of Europe has had the effect of impairing her commercial pre-eminence and, Fanno apparently considers, permanently impairing it. It has created a natural ebullition of tariff proposals, but beyond that the author's position is not clear. The protective policies of all countries but England, and of her colonies likewise, have had the effect of placing her in commercial isolation. Fanno seems to see no remedy for this. When he points out that preferential system with her colonies would not be of much value, because it would tie her to colonial markets which now take only 39 per cent. of her productions, he perhaps explains the cause. There needs no remedy to such a disease.

The outburst of Imperialism coincident with the growth of industry is not far to seek. Industry is the most fertile field for begetting capital, and the growth of surplus capital in European countries and America has been prodigious. But capital, says Fanno, is centrifugal, always seeking employment further and further from the old centres. He also adopts the dictum of Marx that commercial capital is the most powerful. Thus the different industrial nations struggle for new markets, and modern Imperialism comes into being. It is thus strictly economic in motive, founded on the economic conditions which are the outcome of the growth of population.

But why is it that one nation is before the other in this progress? Fanno, in his very interesting comparison of the Latin and Anglo-Saxon races, puts aside altogether the claim of the Anglo-Saxon to higher national characteristics. The pre-eminence of England as a colonising country and her industrial efficiency generally are caused by the differences between northern and southern countries. The extreme fertility of the southern soil kept back the pressure of population, and so staved off the transition to industrialism. Thus, comparing England and Italy, the change became necessary in the former with less than half the population to the square mile. He analyses closely changes in national character at different points in economic development. "One by one, then, every difference which in the economic, political, and social sphere serves as a point of comparison between the northern and meridional countries, is illuminated and explained by our theory." He follows out this argument in the following chapter on national power.

The line of future development suggested by Professor Fanno is the completion of the cycle back to self-containment. How he comes to this is difficult to see, for he regards any step from industrialism to agriculture as retrograde, and yet must see that the time when population will have spread over the remaining waste lands will come. Particularly is this so in the British Empire. The colonies, and especially the Australian Commonwealth, aim steadily at increasing their manufacturing output. By no means feeling pressure from the growth of population, Australian leaders certainly fix before them a definite goal, seeking to develop equally industrial and agricultural resources, to spring fully armed from the forehead of Jove. The economic position of the old countries before the economic independence of the new provides at least some cause for misgiving.

MARION PHILLIPS

Teoria di valutazione. By LEOPOLDO DI MURO (Fratelli Gallina, Padua, 1906).

ALL systems of land tenure have their defects; in England we are familiar with a leasehold system which, on the whole, is most successful in discouraging improvements to the land, whether urban or rural; in addition to this our system of settlements of real property increases the difficulty of improvements. From time to time the Legislature intervenes with a Land Drainage Act, a Settled Land Act, or a Market Gardeners' Act to deal with the evil when the scandal has become very great; but wherever various persons have interests in one piece of land there is the fundamental problem: if the land is improved how ought the costs of the improvement to be borne and how ought the benefit of the improvement to be shared? Unless some general guiding principles can be laid down, no legislation can hope to solve the difficulty in a way which is beneficial to the community at large. Professor di Muro attacked this fundamental problem in his now well-known *Economia ed Estimo dei Miglioramenti Fondiarii*.¹ It is not surprising that his views were subjected to a good deal of criticism; the question is so important that the more discussion of it the better. His present book consists of three chapters; in the first he briefly expounds the system, in the second he gives numerous illustrations, in the third he discusses various points of economic doctrine, and in so doing answers many criticisms. The first two chapters are little more than a re-exposition, with some develop-

¹ See ECONOMIC JOURNAL, 1903, p. 92.

ments, of the theories contained in the earlier work; the third chapter is the one to which the economist will naturally turn. Probably few readers will need to be convinced that there is not complete free competition in the matter of land, so that the State must in some respects limit freedom of contract in regard to it. In England, where freedom of contract in ordinary matters is the general rule, the Legislature has continually intervened in the matter of land. Professor di Muro next proceeds to discuss the element of risk in profits. He contends that risks which are actuarially determinable, and can therefore be insured against, are to be included in cost of production; profits are due to taking risks in the strict sense, that is, risks which cannot be estimated and insured against. When capital is expended on improving land there is a risk that the increased value of the land due to this expenditure may be less than the capital expended. If so, how should this loss be borne? We may perhaps vary the question: How is it, in fact, borne, and is this the proper way to bear it? How the loss is, in fact, borne depends upon law and custom. In England, for example, the capitalist who lends money for an improvement in land generally takes very little risk; unless he happens to be the owner of the land, when he frequently does risk and lose a good deal of capital. Whether the actual method is the best depends partly upon the actual state of economic and social development of the country. It would be most interesting if some economist well acquainted with the land law of his country were to describe the actual methods of financing improvements and then criticise these in the light of Professor di Muro's views. Unfortunately, few persons have the requisite grasp of theory and knowledge of facts.

Although *Teoria di valutazione* is primarily meant for those who have read *Economia ed Estimo*, etc., it must not be supposed that it is necessary to read the earlier volume before the latter. The first chapter of the latter work sets out the author's system for the benefit of those who are unfamiliar with it; it would be most unfortunate if any person was prevented from reading the third chapter of the present book, either because he was ignorant of the earlier book or because he was frightened by the many tables with which *Teoria di valutazione* is adorned.

C. P. SANGER

Der Verein für Sozialpolitik und seine Wirksamkeit auf dem Gebiet der gewerblichen Arbeiterfrage. Von Dr. ELSE CONRAD. (Jena : Fischer, 1906. Pp. 195.)

FOR the last four-and-thirty years the *Verein für Sozialpolitik* has furnished the centre of interest, and has organised the forces, of most of the work of economic investigation that has been carried on in Germany. It is appropriate, therefore, that its history should be written by one who is the daughter of Professor Conrad and the granddaughter of Bruno Hildebrand. Hildebrand never himself contributed much to the actual construction of the "Political Economy of the Future." The years between 1848, when his well-known book appeared, and 1872, when the *Verein* was founded, were occupied, as it were, by wanderings in the wilderness. But if he did not himself quite enter into the Promised Land, he had freed his followers from the yoke of Adam Smith; and the "Socialists of the Chair" of the early 'seventies could take up the work at the point at which he had left it a quarter of a century before. His son-in-law, Professor Conrad, the father of the writer now under review, also occupies an important place in the history of German economics, but a place of a different kind. He has been the successful architect of that typical product of German learning, the *Handwörterbuch*, the editor of the economic journal least open to the charge of partisanship, the author of the manuals which the average young German gets up for examination purposes, the guide and friend of many generations of students at Halle—especially of Americans. Seldom, then, has any dedication been more in keeping with the fitness of things than that which appears on the first page of Dr. Else Conrad's dissertation.

And the dissertation is a very model of its class. It is business-like and absolutely systematic. First comes an introduction on (1) German economics before the foundation of the Empire, (2) the economic development of Germany in the decades preceding 1871, (3) the development of Social Democracy, and (4) the period of company promotion (*Die Gründerperiode*). Of these the last section is the most novel: it shows how the Liberal (*laissez-faire*) party had come to be discredited in the eyes of impartial observers by the association of many of its members with financial undertakings of a dubious character, and how closely connected with the Stock Exchange was the Press which attacked Wagner, Schmoller, and Brentano as more dangerous than avowed Socialists. Then comes, in Part I., an account of the controversy occasioned by Wagner's speech on the Social

Question in October, 1871, and the coining of the term "Kathedersozialismus" by Oppenheim, leading up to the formation of the *Verein*. Part II. sets forth the attitude of the *Verein* to the Labour Question, under the several heads of (1) Factory Legislation, (2) the Law of Combination, (3) the Law of Breach of Contract, (4) the Housing Question, (5) the Question of Handicrafts, (6) the Question of Apprenticeship. Under each of these heads Miss Conrad works conscientiously through the material, and gives us a brief and on the whole clearly written summary of the reports and speeches at the annual meetings. And she tries to discover whether these discussions had any influence upon legislation by a similar account of contemporary debates in the Reichstag. Her conclusion on this head is a surprisingly negative one. But it may be doubted whether she has gone quite the right way to work to answer her own questions. Active politicians are seldom men who are likely to be influenced by the academic discussions of the day. So far as they are affected by general ideas at all, these ideas they commonly acquired in their youth. The real influence of the discussions of the 'seventies is to be found rather in the state of mind of the men of the 'nineties—in the attitude, for instance, of the young officials trained by the professorial economists in the 'seventies, and beginning twenty years later to reach positions in which they could make their opinions felt; or in the attitude of the younger Socialists of the Revisionist school, who know perfectly well, now, that between either the aspirations or the methods of the official representatives of economic science and their own there is really no impassable gulf.

It will be gathered that in Dr. Else Conrad's book we have some materials for a history, and not the history itself. The stages in the history of the *Verein*, from the ardent days of attempted propaganda to the cooler days of monographic investigation, are indicated, but do not stand out clearly. The different strains of thought within the *Verein* itself—the common basis of ideas and the divergences in their application—may be suspected by a careful reader, but are not clearly indicated. The story, when it comes to be written, will be full of the interest of character as well as of ideas: Professor Wagner, the extreme Radical (to use, for convenience, a term he would not like), with his "social" doctrine of taxation, and yet the champion of agrarian protection; Professor Brentano, the champion of Trade Unionism against the "Industrials," and yet in later years the most brilliant defender of the supposed interests of the Industrials against an

increase of the duties on corn; Professor Schmoller, angering the deductive economists by his Olympian survey, and yet continually criticised for his "compromising" spirit in practical affairs; the Stumm attack, which for a time brought the old associates together again; the creation of a new society for propaganda, the *Gesellschaft für Sozial Reform*, and the doubt whether the *Verein* may not have outlived its usefulness—here are subjects enough for a philosophic pen. And then the large significance of the whole—the place of the university in modern German life, the place especially of the scientific (or, at any rate, of the disinterested) student of economic affairs in a society rapidly transforming itself in the ways of modern capitalism—here is a theme which some day, we will hope, will be adequately treated. But on topics like these Dr. Else Conrad can hardly be expected to have seriously thought as yet. Meanwhile here are some stones for the building, put ready for a future user. And if I have seemed to be chary in praise for preliminary work of this kind, I would like to put the balance right by saying that it is the spirit of patient system which such dissertations breathe that we need above everything else just now to acclimatise in our English universities.

W. J. ASHLEY

Die Konzentration in der Eisenindustrie und die Lage der reinen Walzwerke. Von Heinrich Mannstaedt, Dr. phil. et rer. pol. (Jena, Gustav Fischer, 1906. Pp. 63).

THIS excellent little pamphlet gives an admirable survey of the German iron industry of the last hundred years. The object of the author is to study the condition of the "pure" rolling mills, *i.e.*, those not connected with blast-furnaces or steel smelting plants, in the face of the great concentration of the iron and steel trades into kartells. There is no problem more bitterly disputed in iron circles in Germany alike in the Press and before the Kartell Commission. It does not exist to the same extent in this country, though Mr. Axel Sahlin a few years ago gave a lugubrious forecast of the future of the "pure" blast-furnaces and "pure" rolling-mills. Concentration in the iron industry has passed through three stages—the growth of the unit, extension to embrace other branches of the industry, and commercial alliance. In 1871 there were 213 blast-furnace works in Germany, employing 23,191 workmen in the production of 1,563,000 tons of pig-iron; in 1904, 100 works produced 10,058,000 tons with the help of 35,284 workmen. Even in the 'fifties there

were some comparatively large "mixed" works, but the opportunity of large-scale industry only came with the invention of Bessemer. On the one hand the utilisation of the blast-furnace gases for heating the blast and the technical improvements which followed in the wake of that great discovery made a large output of pig-iron possible; on the other hand the use of fluid iron in the converter was a cheap way of turning large quantities of iron into steel. The difficulties of finding suitable ore at prices which compared with those in England delayed the development of the German steel industry until the invention of the basic process by Messrs. Thomas and Gilchrist allowed use to be made of the cheap and abundant ores of Lorraine and Luxemburg. The tendency was to add steel works to blast-furnaces in order to use the pig-iron molten instead of having to remelt it when cold. In proportion as steel ousted wrought iron the puddling works converted themselves into pure rolling mills, purchasing their raw material from the steel works. At first they got their supplies of ingots cheap owing to the competition of the steel makers, but the introduction of the soaking-pits (invented by Mr. Gjers, of Middlesbrough) into Germany in the 'nineties made it possible to roll large iron forms with the original ingot heat without reheating. The steel works promptly set up their own trains of rolls in order to exploit this new source of saving, and the day of trouble for the pure rolling mills began. Finally, another great advantage was given to the mixed works when, working on the ideas first put abroad by Mr. B. H. Thwaites, German inventors used the waste furnace gases in gas engines for the blast, driving the rolls, etc. Dr. Mannstaedt measures the advantage possessed by a mixed works over a pure rolling mill at 14.87 marks per ton of raw steel. To equip a new steel works with ore and coal fields, etc. costs £2,750,000 for a production of 3-400,000 tons per annum. Such is the extent to which technical improvements have forced consolidation.

When the depression of trade set in in 1901 the home market was relieved by a gigantic export of half-stuff and finished goods, but two factors contributed to cause an increased output—the utilisation of blast-furnace gas in gas engines, and the desire of those who foresaw the necessity for a steel kartell to extend their works for the purpose of securing a large quota in the union when it took place. Out of the bad times arose the great kartell of the mixed steel works which by its policy has awakened so much bitterness. Dr. Mannstaedt considers that its technical superiority is so great that none of the means proposed for the

defence of the pure rolling mills can be effective. Yet he admits that the speedy disappearance of these works would create too much local suffering and disturbance, and he urges that they should form kartells and enter into alliance with the Stahlwerksverband. It would suit the great union to keep them in existence, at least for a long time, for they would act as a fly-wheel to the industry, obtaining employment in good times and standing idle in periods of depression. The latter part of the pamphlet is based on the discussions before the Kartell Enquiry. Altogether, Dr. Mannstaedt is to be complimented on a thoroughly good piece of work.

HENRY W. MACROSTY

Einfache und Höhere Arbeit. Eine sozialpolitische Untersuchung zum Arbeitsvertrag des Bürgerlichen Gesetzbuches.
VON DR. WALTER HESS. (Jena: Gustav Fischer. 1905.
Pp. 77. Mk. 2.)

THIS book examines the question whether the ancient distinction between *opere liberales* and *illiberales* can be maintained. As far as the law of Germany is concerned, the answer has been given in the negative by the enactments of the "Bürgerliches Gesetzbuch." But inasmuch as public opinion and usage do not accept this verdict the author feels justified in examining the question further. The law distinguishes in the whole field of human labour only two kinds of agreement between the parties interested: (a) the service-contract, where the worker agrees to give his services, and his services only, and must be remunerated irrespective of his achievements; and (b) the work-contract, where the actual result only is considered and paid for. The former is strictly regulated by law down to the minutest particular, and the workman is protected at all points and made immune against risk of any kind. In the latter both parties to the contract are practically unhampered by legal restraint. The distinction fails, however, according to the writer, inasmuch as the principle of division does not go to the root of the matter. The service-relation includes not only workmen but teachers, officials, and professional men who are capable of safeguarding their own interests, and for whom the protection accorded by the law is not only superfluous but likely to prove vexatious. On the other hand, the work-contract applies to all home industries, the workers in which are often as much at the mercy of the employer and as little fitted to bear risks as any day labourer. The true distinction

is between those workers who are and those who are not fitted by training, education, and resources to protect their own interests, *i.e.*, between the higher and the lower grades of labour. Where exactly the boundary line between the two is to be drawn the author does not however attempt to determine.

HELENE REINHERZ

Der Streit um Malthus Lehre. Von Professor DIETZEL (*Festgaben für Adolph Wagner zur Siebenzigsten Wiederkehr seines Geburtstages*, 1905. Leipsic : C. F. Winter. London : Williams and Norgate. Pp. 343).

THE paper here selected for review¹ deals with F. Oppenheimer's *Das Bevölkerungsgesetz des T. R. Malthus und der neueren Nationalökonomie*, and with some of the criticism of J. Wolf thereupon; meeting both writers with a vindication of the Malthusian position largely in terms of Oppenheimer's own contention. Oppenheimer, like most of the Socialist and Georgian critics of Malthus, treats the famous "law" as an anti-reformist theory first and last, and is led, like the others, to repel it with contradictory formulas instead of showing, with Soetbeer, that it may perfectly well be reconciled with Socialism. He thus reaffirms flatly the old theses that means of subsistence "tend" to multiply faster than population, and not *vice versa*; that "the more the merrier," economically speaking; and that poverty is a result not of a natural tendency to over-population, but of other causes. All that appears to be fresh in Oppenheimer's polemic is the contention that the law of diminishing returns, which he accepts, is more than compensated for (*übercompensiert*) by the law of increasing facility in manufacture. But this claim, as Dietzel shows, is incapable of proof; and no process of breaking up the problem of production can evade the ultimate problem of totals, especially as regards food. Dietzel justifiably claims that the question of the socio-political bias of Malthus has really nothing to do with the economic case. He might, however, have made a step towards reconciling the opposition by showing that whereas Malthus began in a biased temper he purified himself of the bias and reached a substantially scientific position. As it is, Dietzel well shows that whatever is true in the "more the merrier" formula and in the specification of other causes of poverty is in no contradiction with Malthus's doctrine; and that that doctrine

¹ A general notice of the collection from which Professor Dietzel's contribution is now selected is given in the *ECONOMIC JOURNAL*, 1906, p. 283.

is in no way refuted by any statistic as to actual net increase of population and production. He might, perhaps, have made the case clearer by indicating Oppenheimer's failure to construe "tendency," and by showing the difference between gross and net increase of population—an essential element in the case, almost invariably ignored by anti-Malthusians. But in a clear and closely reasoned argument he justifies, as against Oppenheimer, his own and Wagner's affirmation that "Malthus in all essentials holds good." As regards Wolf, who calls for a fresh formation of the "law," there is no fundamental conflict. Here, however, the issue might have been cleared by indicating the transition from the Malthusian to the Neo-Malthusian statement of the case.

Dietzel's essay is followed by a valuable study on "*Sir Matthew Hale und John Brückner, mit einer Geschichte der vormalthusischen Bevölkerungstheorie*," by W. Hasbach. The *Geschichte* is necessarily much less detailed than that published about the same time by Dr. Stangeland, but it has independent importance alongside of that. Hasbach rightly insists on distinguishing between statistics of peopling (*Bevölkerungssstatistik*) and of population, and between population-theory and *Bevölkerungspolitik*; and his survey deals strictly with the theory, starting with Botero in the sixteenth century. Hale and Brückner, as he notes, are not mentioned in Palgrave's *Dictionary of Political Economy*; but their significance in the evolution of opinion—especially Brückner's—as set forth by him, is obvious. Hale, says Hasbach, built the bridge from population-statistic, begun by Graunt, to population-theory. Montesquieu, Cantillon, and Buffon accumulated socio-economic and biological material for the new lore, out of which Brückner built his *Théorie du système animal* (1767). Thereafter, other English observers contributing, Steuart and Smith sketch dogmatic presentments of the theory; and finally Malthus "combines the different lines of thought not in eclectic fashion, but creatively, with the strongest insistence on socio-political consequences."

J. M. ROBERTSON

Hundert Jahre Zollpolitik. By LUDWIG LANG. Authorised German translation by A. Rosen. (Vienna and Leipsic: Fromme, 1906. Pp. 620.)

THE tariff history of the nineteenth century has given rise to a large body of literature, and its several phases in the chief countries of the world ought to be known to those who care to learn them. The present work has, however, a peculiar character which gives it a claim to notice. Its author belongs to the small

class of persons who are both economists and practical politicians, and who, therefore, cannot be accused of being "mere theorists." He also represents enlightened opinion in a country outside the limited range of the usual English reader, who at best knows of French or German writing on the subjects in which he is interested. The importance of Professor Láng's work lies in the corrective which it supplies to the views of certain (by no means all) German writers on tariff problems, and in this respect it ought to be of great service. An opening chapter sketches the course of English commercial policy. The adoption of Free Trade is regarded as due not to the weight of its theoretic truth nor to the influence of specially enlightened persons, but to an essential necessity under the pressure of the interests of industry and commerce which coincided with the interests of the lower classes (p. 13). The development of English imports, the decline of agriculture, and the proposals for closer fiscal relations with the Colonies are also referred to. In succeeding chapters the tariff policies of the United States, of France, and of the German Zollverein down to 1870 are traced in brief but intelligible form. So far the ground has been already covered in such recent English works as those by Percy Ashley, Dawson, and Meredith, and has been familiar to economic students long before the modern controversy arose. But Professor Láng devotes a number of chapters, which are in a double sense the central part of his work, to a description of the tariff policy of the dual monarchy. The general course of development, he remarks, is "like that of other countries. Beginning with prohibition, it passes on to moderate protection, and then tends in the direction of Free Trade; but later reverts towards Protection to both agriculture and industry" (p. 168). The war of 1866 profoundly affected not only the relations of Austria Hungary with the German States, but also with Italy, now become an important Power, and the internal relations of Austria and Hungary as well. The financial and economic arrangements between the two parts of the monarchy are explained, and the effect of the protectionist revival is shown in the establishment of the so-called "autonomous tariff" of 1878, and in the general rise of duties in "the 'eighties." One result is particularly interesting. "The exports of Austria in the specially protectionist period did not increase; but in 1891 were at the same point which they had attained ten years earlier in 1882. In other words the export trade was stagnant" (pp. 294-5). Such a check on progress is quite in accordance with economic theory, but the particular

example is a good illustration. The return to the policy of commercial treaties which marked the Caprivi administration in Germany and led to the negotiations of 1891 forms the subject of three chapters in which the position of Austria Hungary as both a Western and an Eastern Power is well brought out. Germany, Italy, Belgium, and Switzerland formed a group very different in economic conditions and interests from Russia, the Balkan States, and Greece, a condition which made the adjustment of concessions more troublesome. Another reaction appears in the latest German tariff, the passage of which through the Reichstag is noticed, while its insufficiency as a basis for treaty arrangements is emphasised.

The penultimate chapter is devoted to an examination of the commercial and financial relations between Austria and Hungary as arranged by the *Ausgleich* and the form of a common tariff. Most instructive is the exhibition of the opposing interests of the agrarian and industrial classes, the latter being stronger in Austria, the former in Hungary, but both having active representatives in each country. A purely financial (or revenue) tariff on a fair basis would be difficult to devise; when encouragement to special industries and the various branches of agriculture are superadded it becomes impossible. The concluding chapter has the significant title "Chamberlain": it is in fact a continuation of Chapter I., and affords evidence of the attention with which the course of English politics is followed abroad. The account of the course of the so-called "fiscal reform" campaign has naturally little or no interest for English readers, who have had enough, and more than enough. But the author's judgment that it is not easy to speak definitely as to the chances in the near future of a tariff for retaliation, while there is not the slightest prospect of the adoption of taxes on food or raw materials (p. 493), may be mentioned. Professor Lång's treatment of the tariff problem in general is in accordance with the broad current of liberal economic thought on the Continent. He is in favour of freedom of trade, at the same time he recognises the practical difficulties that politicians have to meet, and is therefore in favour of the policy of commercial treaties with moderate duties. It is in this direction that the best hope for the improvement of commercial relations appears. The tariff question in Continental Europe is intimately connected with State policy and finance. Lowered expenditure and friendly relations would soon lead to lower customs duties and in some cases to customs unions.

C. F. BASTABLE

Zur Entwicklungsgeschichte der Deutschen Grossbanken mit besonderer Rücksicht auf die Konzentrationsbestrebungen.

By DR. RIESSER, Geheimer Justizrat, Ordentl. Honorar-Professor at the University of Berlin. Second edition, enlarged and improved. Jena : G. Fischer, 1906.

THE interest aroused by this book in Germany is shown by the rapidity with which a second edition has been called for. Dr. Riesser has the great advantage of writing on a subject with which, as it has been the occupation of his daily life for many years, he is absolutely familiar in all its most minute details, while as Honorary Professor at the University of Berlin he has the literary training and power of exposition which have enabled him to give a lucid statement intelligible to the non-professional reader.

The volume contains information which will be new to many—to the majority even of English men of business and English bankers. This information may roughly be divided into two parts.

First, the history of the manner in which the activity of German banks has devoted itself to the development of foreign trade, including the establishment of lines of steamers to the United States and other important countries, and the building of railways in undeveloped districts such as Asia Minor. They have done more than this. The improvement of the means of transport has enabled them to reach the populations with which they desire to do business. This has been followed by the establishment of banks with many offices in the countries into which it is desired to introduce German trade and manufactures.

In the second place, the work contains the description of the manner in which this active enterprise has furthered industrial progress throughout the German Empire. At home, as the result of enlarged foreign trade, mines, steel-works, textile industries, chemical and refining works, electrical industries, and many companies for the manufacture of machines and working in metals have been established or improved, the banks frequently becoming shareholders in these institutions, and guiding their proceedings by appointing directors on their boards. The immense impetus to industrial progress thus given goes a long way to explain the great rapidity with which Germany has moved onwards and outstripped every other country in Europe.

In order to enable them to carry out this enterprise with vigour, the large German banks during the last few years have

greatly increased their capitals, this increase being naturally followed by a considerable augmentation of their deposits.

These few words will suffice to show how different the conception of banking in Germany is from the practice in England. It may be roughly said that it is almost directly opposite to the manner in which banking is carried on here. Banking in Germany has developed concurrently with the industrial progress of the country. It was in earlier times more closely associated with local trade, and has followed the course which that trade has taken. Here, except for an occasional connection with brewing, and, curiously enough, with the tea trade, banking in England was an occupation by itself; and so it has remained. The ordinary English banker simply carries on the business on the same lines as his father and grandfather did before him. The deposits which our bankers receive from their customers they employ partly in advances to other customers and to brokers—to some extent in Government securities and in discounting bills of first-rate quality. Here for a bank to become a shareholder in great commercial industries, in mines, electric works, railways, or anything of that sort, would at once mark it as an institution which every other banker would avoid. But how different is the case in Germany. At the head of the list of Bank-Konsortien und-Gruppen there stands the respected name of the Reichsbank, and in the next line that of the Kgl. Seehandlung (Preussische Hauptbank), whose title refers to its association with foreign trade and the increased intercourse of Germany with foreign countries.

Take, for example, any other of the banks referred to, such as the Bank für Handel und Industrie, with which Dr. Riesser was for many years associated; we find that, besides branches of its own, it holds shares in other industrial concerns under a law of "limited liability" far more wide-reaching than the law in force in this country. It is associated with five other banks and several large trading concerns. Take, again, the Deutsche Bank, an institution with a capital and reserve of £14,000,000, twice as large as the capital and reserve held by any English bank except the Bank of England. Besides six branches, it has forty-four offices for receiving deposits, and is associated with banks (daughter-institutions) whose business extends to Italy, Spain, South America, and a good many other places nearer home. Thus also there is the Diskonto-Gesellschaft in Berlin. This institution is connected with banks which do business in Chili,

Bolivia, East Africa, and other distant countries—and it is the same with most of the large German banks.

Now, in all this care has obviously been taken, not only as to the banks associated, but as to the class of business with which these associated banks are interested, and, in a general way, as to the manner in which that business is conducted. While it is, as we have said, absolutely dissimilar to the ideas of English banking, we should not be justified if we proceeded to pronounce it unsuitable for the requirements of trade in Germany at the present time. Under the wing of a bank, industries are founded in a calmer and better regulated manner than they are when brought out by the "company promoter" on the Stock Exchange, as they are in this country.

The long list of mining, electrical engineering, chemical, and machine-building industries, with the names of the banks of high standing connected with them, contained in the second appendix to this volume, is enough to show how enormously trade and manufactures in Germany have been assisted through the co-operation of their banks. English banks, as at present constituted, could not dream of following in this direction, nor would it be desirable for them to do so; but the system described in this volume is one which has been of the highest advantage to the German Empire. The strenuous support given by the banks has been one of the causes which has enabled new industries to develop and to extend in Germany such as in this country find acceptance very difficult, except upon terms so extravagantly high as greatly to hinder their after progress.

In the second edition of his work Dr. Riesser has taken a wider view than in his first of the course of business and the difficulties that may arise in troublous times. Several further details as to business and the position of particular industries are treated with more fulness than in the book as it was first published.

We are only able in these few words to give the very roughest sketch of the contents of Dr. Riesser's able and well-written volume. It is another example of the practice which Walter Bagehot used most strongly to recommend, that the people who have practical knowledge of a subject should write on it themselves. It would be a great advantage to English business men if an English publisher could be found to undertake the translation of this very instructive volume.

R. H. INGLIS PALGRAVE

NOTES AND MEMORANDA

LABOUR BUREAUX.

IN September, 1905, Mr. A. Lowry, one of the Assistant Inspectors of the Local Government Board, was commissioned to make a report upon the Labour Bureaux now at work in this country. The Report, now printed as a Parliamentary paper, is not, it must be admitted, an altogether encouraging document. It is a record of achievement so moderate as to be indistinguishable from failure, diversified by three or four instances of definite though limited success. In the first place, Mr. Lowry has discovered not more than twenty-four bureaux to examine in the whole of England and Scotland. Eleven of these are in London, established and maintained by Metropolitan Borough Councils under the Labour Bureaux Act, 1902. Ten are maintained by provincial municipalities—Liverpool, Plymouth, Glasgow, Leith, Wigan, Coventry, Manchester, Newcastle-on-Tyne, Eastbourne, and Dudley. Three are private semi-philanthropic ventures. In the second place, even out of this small number of bureaux several have little more than a formal existence. Mr. Lowry divides the municipal bureaux into two groups, "the first comprising those where little if anything more is done than to register the names of any applicants who may present themselves, and to supply to any employer who may think it worth while to patronise the bureau one or more of the persons registered who may appear suitable," while the second group "is characterised by active effort more or less successful to meet the demand of workmen for suitable employment and of employers for suitable workmen." The five bureaux of the first group in twelve months filled 200 situations, permanent or temporary, under private employers, and 501 under local authorities; in none of these was the flow of work sufficient to occupy the whole time of even a single official. The fourteen municipal bureaux of the second

group, employing in some cases a superintendent, in others a superintendent and one assistant for their whole time, filled during the twelve months ending August, 1905, 9,074 situations under private employers and 6,357 under local authorities. Of particular bureaux, the most notable are those at Finsbury, with 846 males and 582 females, and Coventry, with 636 males placed in private situations. Glasgow has the largest number placed in private situations, but the bulk of these are female domestic servants, while the large numbers recorded in Manchester and Plymouth nearly all refer to temporary work. The largest total of situations obtained—at Islington—is composed almost entirely of temporary situations under the Borough Council. It is hardly necessary to point out how small is the amount of work represented by the figures quoted, even taken at their face value. The comparison with what is done in Germany is overwhelming. The numbers of situations filled in 1902 by the various groups of labour registries in Germany were as follows:—Prussia, 191,848; Wurtemberg, 66,791; Baden, 52,777; Bavaria, 90,128. In Munich, with a population of 500,000, the number of applications for situations in the same year was 83,170, the number of situations offered was 63,334, and the number filled was 50,254.

It is not, indeed, surprising that the movement in favour of labour exchanges (to give them here and henceforth what seems the most appropriate title¹) in this country should have come to so little. The establishment and management of these institutions has hardly ever been guided by any fair appreciation of their real functions. Mr. Lowry himself, though pointing out clearly enough what labour exchanges cannot do, is hardly himself awake to what they can do and should do. His report betrays no appreciation of the argument in favour of regarding labour exchanges, not as an innocent diversion for those who like to play with the unemployed problem instead of solving it, but as one of the most thoroughgoing and indispensable measures of industrial reform falling within the practical politics of this century. "It is necessary," writes Mr. Lowry, "that those who undertake the management of labour bureaux should make up their minds as to what can be expected of them. There is perhaps too much of a tendency to look to them for effectual and imme-

¹ "Exchange" is a good business word suggesting the organisation of a market for labour. "Bureau" is bad by nature and worse by its association with the failures of the past. The Central (Unemployed) Body for London, in its anxiety to dissociate its new venture from the municipal and labour bureaux and registers, has adopted the phrase "Employment Exchange." The Unemployed Workmen Act, 1905, speaks of "labour exchanges and employment registers."

ciate help in reducing the extent of distress from want of employment. It should never be forgotten that a labour bureau can do nothing to increase the amount of employment. The utmost that can be hoped from it is a lessening of the period during which individual employers and workmen are searching for one another." All this is excellent common sense; the only pity is that Mr. Lowry does not see or does not express all that is implied in the last sentence. Any preventable lack of fluidity in labour means preventable economic waste. This is obvious where, as may happen in skilled trades, lack of fluidity means that for a longer or shorter time an employer in one place cannot get at the men he wants, though just the right men are walking about looking for work in the next parish or the next county. It is no less true and much more important, though not so obvious, in the far commoner case where, as in unskilled occupations, the employer never has any difficulty in satisfying any demand for men, however sudden. In the absence of labour exchanges this can only happen because each locality has its own "reserve of labour," each employer or group of employers has men perpetually waiting at the factory gates. In the absence of labour exchanges an industry where the local demands for labour vary constantly and independently cannot be carried on without a large reserve, or rather an aggregation of many separate local reserves, of under-employed labour. Given labour exchanges, the same industry may be conducted so as to give practically constant employment to all, the local variations in demand being met, not by a stagnant aggregation of local labour reserves, but by a small mobile body of men directed hither and thither as required. The same argument may be put from another point of view. To increase the fluidity of labour is to increase its working efficiency, and so to decrease the number of individuals between whom a given amount of work in an area or an occupation need be distributed. Like every other addition to industrial efficiency, this will tend to displace wholly some of those now employed. The inconvenience will be temporary, and can be met either by opening new occupations in England or by emigration; the good will be permanent.

Those who, while admitting this argument in the abstract, are doubtful as to its importance in relation to the unemployed problem, can only resolve their doubts by a closer study of that problem. Everyone—except the Editor of the *Spectator* and one section of the London Charity Organisation Society—has come to recognise that branch of the unemployed problem which may be

described as "exceptional distress due to cyclical depression of trade." There is now some danger that this one part will be taken for the whole, or at least for the most important part. No delusion could be more dangerous. The problem of the regular workman displaced during a temporary depression of trade is the least of the difficulties with which distress committees are faced. Infinitely the greatest is the chronic problem of the under-employed irregular labourers—the men whom the daily chance of employment keeps hanging about docks and wharves and building jobs, just as men are kept loafing round railway stations by those who give them bags to carry; are kept begging in the streets by those who give alms there; are kept in the bondage of pauperism by outdoor relief. This is a problem which can be met by better organisation of the labour market, and can be met in no other way.

Clearly, if the labour exchanges of the future are to be instruments of this organisation, they will have to be informed by a very different spirit from those of the past. The failure of so many of the latter is not really discouraging; when their methods are considered it is in many cases astonishing that they should have done anything at all. They have nearly all been associated more or less directly with relief work—to the ruin of their reputation among employers and workmen alike. Instead of the whole time of an adequate trained staff, they have had the half time of elderly municipal clerks. They have been supervised by chance committees of the local authority without either knowledge or interest. They have been hampered by insane rules, *e.g.*, that in recommending for employment the superintendent should select according to priority of application, size of family, or length of residence. They have worked in complete independence of one another. Finally, during the last few years—and they have practically all been started during these years—they have had to face a falling labour market. With a reversal of all these conditions there is every hope that the next few years may, in London at least, see the establishment of an efficient and growing system of labour exchanges eradicating by industrial organisation the causes of poverty. The only pity is that the task of bringing about this reform should have been forced upon a body which cannot escape the name of the Central (Unemployed) Body for London. Labour exchanges have nothing to do with the relief of the unemployed; they can only eliminate gradually the causes of under-employment. They are business, not charity. They are prophylactic, not therapeutic, of distress.

W. H. BEVERIDGE

THE DAILY ROUTINE IN A TRADE UNION OFFICE.

It has been suggested to the writer that an account of the routine of a Trade Union office, by one who is daily immersed in that routine, will interest the readers of the *ECONOMIC JOURNAL*.

"The actual government of the Trade Union world," say Mr. and Mrs. Webb, "rests exclusively in the hands of a class apart, the salaried officials of the great societies." These they have called "the civil service of the Trade Union world." Of these the most important are the executive officers, the Secretaries and the Organising Delegates. The last-named have their districts mapped out for them, to which, unless otherwise instructed, they confine their attention. The executive officers are the cabinet of the Trade Union, while the Secretaries supervise the financial and other clerical work of the central body.

The appointment to an executive position, though coveted by a goodly number, can only be attained by a few. The men selected have served an apprenticeship in the humbler offices of the society, and have gained by consistent service the confidence of the members. But elevation to an executive position carries with it wider responsibilities and more onerous duties. The official himself is suddenly transferred from the ranks of the manual to those of the brain workers. His constituency is no longer local, but national, and his decisions are fraught with greater potency in controlling the actions of his fellow-artisans. Luckily, every new environment and responsibility has its modifying influence. Every successive step on the official ladder of a Trade Union brings with it a more judicial mind and a wider, though far from perfect, knowledge of industrial methods. All these tend to regulate the conduct of the salaried official. He is no whit less desirous of securing the highest wages possible and the best conditions of labour for the members, but the fitness of things cannot be divorced from his mind. He may sometimes be carried away by the importunity and clamour of the members, but, as a rule, he has the courage of his convictions, and the spirit of compromise prevails. Though still, and by the very nature of his position, a partisan, he is, nevertheless, concerned in making himself cognisant of the causes of industrial quarrels, the justice of the men's demands, and the ability of the employers to comply with them.

In times of industrial peace the work of a Trade Union's Executive, though humdrum, is not unimportant. There is

always some local dispute or threatened disturbance to be investigated, conferences to be attended, and negotiations and arrangements with employers to be carried out. Innumerable matters of detail and information sent in by the branches require the thoughtful and earnest consideration of the Executive. Although the proverbial criticism of Acts of Parliament, that a coach and four can be driven through their provisions, is not applicable to the rules of a Trade Union, yet now and then they give rise to difference of opinion. When that occurs it is the duty of the Executive to interpret the rule, and in the case of some point of policy or administration cropping up, upon which the rules are silent, to give a decision. Such interpretations and decisions stand as rule, unless rescinded on appeal or replaced by the incorporation of new rules.

But the judicial functions of an Executive are not yet exhausted. There are matters not affecting the general policy of the Union, but of great moment to individual members. Every one knows that many of the Unions have undertaken an elaborate system of "friendly benefits." It is the absence of these which largely accounts for the unstable character of the Unions of unskilled labourers. The branches have the power to grant or withhold the payment of sick and out-of-work benefits where such benefits exist, but the Executive have to decide cases of exceptional distress, of permanent disablement by accident or disease, and of superannuation. Added to all these multifarious duties is the very important one of acting as a court of appeal to which members dissatisfied with the granting or withholding of benefits, and other decisions of the local bodies, can refer.

The work of the secretarial staff is not less important, and the position of General Secretary is the supreme one in the bureaucracy of Trade Unionism. The importance of the post is partly due to the fact that as a permanent office it precedes all others in point of time. The holder of the office is, in the absence of an Executive constantly in attendance, called upon to act on his own initiative and assume great responsibility. His influence and experience count for much with the Executive. Thoroughly versed in all the minutiae as well as the general objects and principles of the organisation, he acts as "legal adviser" on questions of rule to his Executive. In nearly every instance he is held accountable for the policy of his Union. When some unpopular decision has been taken, sometimes in opposition to his opinion, he has to bear the reproaches of the members.

The examination of the financial accounts is the most im-

portant part of the clerical work. This is no small matter in a Union having 400 to 700 branches throughout the country and sometimes in the Colonies. As a rule the branches are required to send in, every three months, a statement of their income and expenditure. These are checked and scrutinised, to ensure accuracy and to detect any application of funds to purposes not permitted by rule. When this has been accomplished, an abstract statement giving the income and expenditure of every branch, along with other necessary information, is published as a "Quarterly Report." A financial statement for the year is also sent in, detailing the transactions of the branch. These also are examined, errors investigated, and every item put down under its proper head. An "Annual Report" is then prepared, containing detailed statements of the financial position of the branch and the investments and expenditure of the General Office. It contains tabulated statements of the moneys advanced to members for the purchase of their homes, the growth of the organisation, the number of members superannuated, with their ages and membership, the cause of accidents and deaths, with their costs, besides a list of the admissions and exclusions during the year. Under this last head we get interesting information, and discover that not only are there exclusions for misappropriation of funds and actions contrary to the interests of the Union, but drunkenness, convictions in a criminal court, malingering, and chronic laziness are considered offences deserving expulsion.

Besides the financial reports, nearly all the Unions issue a monthly statement containing a record of the state of trade in the country, the number of members unemployed, and the branches of trade which they follow. Some of the more important Trade Unions publish monthly periodicals containing articles on sociological and economic questions. These will grow in number and influence, and will probably do much to perpetuate and extend the latest phase of trade-unionist activity, the development of working class representation in the House of Commons. One thing is certain: the Trade Union leaders are neither unlearned nor inexperienced in the practical industrial affairs of everyday life.

ROBERT YOUNG

THE FARM LABOURER AS HE IS.

HAVING been a farm labourer all my life, I cannot help realising how little accurate knowledge the public has of the conditions under

which men of my occupation live and work. Farm-life is a thing apart from the town dweller, and is consequently but little understood. The popular conception is that it is a life of drudgery, that the work is mechanical and uninteresting, and that in misery and hopelessness the labourer drags out his three score years and ten. There is doubtless much truth in this view, but it does not present all the facts of the case. A sharp distinction must be drawn between the life itself and certain conditions which have been introduced into it. The village youth has naturally no aversion to the soil; on the contrary, he loves it. To him the work is not monotonous. Each season has its special duties and its special delights. Ploughing, sowing, reaping, thrashing, have each their special attractions, and bring with them joys that only the initiated can understand. Nor must it be supposed that the labourer turns his back upon the land in the hope of obtaining higher wages. If ever a delusion of this kind existed in the country it may now fairly be said to have passed away. There is less difference between the wages of labourers in town and country than is sometimes imagined. The sum of money received on Saturday does not represent the entire income of the village labourer. He has a number of other advantages the value of which cannot easily be estimated. Over his fellow-worker in the town he has a distinct advantage in the matter of rent. For a very small sum he gets not only a house but a garden, in which he can grow all the vegetables necessary for himself and family, and in which stands a sty where he can keep and feed a pig. By remaining in the country, therefore, he saves three or four shillings weekly in rent, spends nothing on vegetables, and obtains almost the whole of his meat at the minimum of cost. These and other advantages quite make up for any seeming deficiency in the matter of wages. In the face of facts like these one may be led to wonder at the rural exodus, and to ask why it is that the labourer is discontented. We are confidently told in certain quarters that the present dissatisfaction with the conditions of farm-life is quite unjustifiable, that the labourer has inherited the habit of grumbling along with other vices from his father, who grumbled not without a cause. When wages were low and bread was dear the case was different, but now the labourer ought to be satisfied. The labourer would be well advised to listen to these words of counsel if it were right to judge present conditions by the standard of the past, but it is not. The condition of a worker in one industry must be compared with the condition of workers in other industries of equal skill. This is precisely what the

labourer is doing, and hence his dissatisfaction. He finds that, in other things than wages, the condition of other workers has steadily been improving, while he has remained practically stationary. The little improvement which has taken place in his lot is due entirely to the scarcity of labour and other outside conditions, and is in no way connected with his actual status as a worker. He has little, if any, more freedom of action than had his fathers before him. He has no weekly half-holiday to be devoted to recreation. Week in and week out there is no relaxation from toil. Whatever joy is his is found in work and in communion with nature. Equal, physically and mentally, to the town worker, he feels himself wronged, and so he seeks work which he does not like, and which he possibly performs at a reduced income. A little, a very little, common sense is all that is needed to put matters right, but it will be necessary for farmers and others to revise some of their opinions.

To fully understand the ground of the labourer's objection one has only to become acquainted with the facts. To a lad leaving school farm life offers no definite and fixed hours of labour. He is never his own master. Hired to a farmer for a year to attend horses, his life is made up of working, eating, and sleeping. He is expected to rise about 4 o'clock in the morning, and his regular duties will not be over until 7 o'clock in the evening, after which he has his supper, and must then soon begin thinking of going to bed in order not to be sleepy when 4 o'clock again arrives. Should occasion arise he will be summoned for duty at any hour between 7 p.m. and 4 a.m. He cannot leave the farm for a day without asking permission. He has never a Sunday free from work, and must always be indoors at a given hour on Sunday night. He finds no fault with the wages he will receive, but simply prefers an existence which looks a little less like slavery. The same thing is true of all the different kinds of farm hands, with the exception of the daily labourer, who generally has his evenings and Sundays to himself. But even he is not entirely a stranger to the oftentimes unreasonable demands of the farmer. At busy times, such as the hay and clover harvest, it is absolutely necessary for the men to work overtime. At these periods the farmer fancies himself quite justified in expecting his men to work all day with feverish speed and for three hours longer than usual with no extra remuneration beyond possibly a drink of beer. Of course it may be said that there is a farmer's side to all this. I have tried to state the position as it appears to many of my fellow-labourers.

JOSEPH CLARK

AN ENQUIRY INTO THE SALARIES AND HOURS OF WORK OF
TYPISTS AND SHORTHAND WRITERS.

Introductory.—During the winter 1905-6, the Association of Typists and Shorthand Writers held an enquiry into the hours of work and rates of pay customary in the profession. The enquiry was not confined to members of the Association only, but was circulated in London as widely as means and opportunity permitted among the employees of a large number of firms. About 220 of the forms sent out were filled up, and the results are collected in the following tables. A very few, three or four, of the forms returned are not included in the report, as the nature of the work done, or some special circumstances connected with it, took them out of the scope of the enquiry. Some of the answers given were also incomplete in detail, as will appear in the totals of the tables, which are slightly less than the whole number of forms returned.

Nature of Work.—The first question on the enquiry form related to the nature of the work, whether typing, shorthand writing, or both. Seven returned themselves as typists only; 209 as both typists and shorthand writers. Seven of the 216 stated that they were unemployed at time of writing; some of these gave particulars of their last situation, and there has seemed to be no objection to including these particulars in the tables.

Experience.—The second question related to the length of experience, the fourth to the amount of present salary. These answers have been summarised in the following table, which shows the two sets of facts in combination. It should be noted that the salaries of over 45s. a week included one of 60s., one of 80s., two of 57s. 6d., and one of 58s. 6d. In one case "board," and in two others "meals" are mentioned as adjuncts to the salaries, which are 16s. 6d., 25s., and 27s. 6d. respectively. Strictly speaking, some allowance should have been made for these additions, but on reflection it was decided not to attempt to reduce them to a fixed sum. It seemed not unlikely that a similar addition might be made in other cases, where it had not been mentioned, and as these could not be allowed for, it was better not to attempt to include any meals given as part of the salary. In a few cases a bonus is mentioned as being given at the end of the year. A member of the Association writes to me that this is very general in the City. £5 is a very usual amount, and nearly all City offices give something, from £1 upwards. Typists who receive salaries of over £100 may have a bonus of £10.

It should be noted here that salaries stated as so much per annum have been divided by fifty-two to reduce them to weekly earnings, and, similarly, salaries stated as so much per month have been multiplied by twelve and divided by fifty-two.

Earnings.—It appears from this table that the largest group of earners are those earning from 25s. to less than 30s. The median is 30s.; that is to say, the same proportion earn above that sum and below it. The quartiles are 25s. and 37s. 6d. It is rather curious to notice that the group earning 40s. is slightly larger than the group earning 35s. This may be merely an irregularity due to the comparatively small number of returns here collected; or it may be due to the observed tendency of human nature to prefer a "round number," as in the well-known instance of the age-groups of the census returns.

There is plainly a relation between the length of experience and the amount of salary, as appears from the small percentage of the *less* experienced that earn the higher salaries, and the small percentage of the *more* experienced earning lower salaries. The relation, however, is not perfectly uniform, and an inspection of the table shows that those of from seven to ten years' experience have quite as large a percentage earning the higher salaries as those of over ten years, perhaps rather more so. It may perhaps be that some of those of over ten years' standing were somewhat less thoroughly trained than the more recent recruits to the profession.

Amount of Increase.—Question 3 inquired the "amount of salary on engagement." This query has probably given rise to some ambiguity; it is plain, from internal evidence, that some of the replies given indicate the amount of the salary *first* received; others, the salary given on engagement in present post. The figures, however, may serve to show that the majority obtain a substantial rise after a few years' work.

Increase of Salary obtained.

	Less than 10s.	10s.—	20s.—	30s.—	40s.—	Information wanting.
Numbers obtaining increase	57	81	29	6	2	40

Three or four writers mention that in previous posts they have obtained better pay than they are now receiving.

Hours of Work.—The hours cannot be tabulated with perfect exactitude, as very few writers have defined the interval allowed for lunch, which—when mentioned—seems to vary from half to even two hours. The following table is based upon the period

Table showing Salaries of Typists and Shorthand Writers, grouped according to the Period of Experience.

Earners with	Numbers earning						Percentages earning							
	Less than 20s.	20s.—25s.	25s.—30s.	30s.—35s.	40s.—45s.	Totals.	Less than 20s.	20s.—25s.	25s.—30s.	30s.—35s.	40s.—45s.	45s.—		
Less than one year's experience ...	8	3	—	2	1	14	57.1	21.4	—	14.3	—	7.2	—	100
One year and less than four	7	17	17	8	4	62	11.3	27.4	27.4	13.0	6.4	14.5	—	100
Four years' and less than seven	1	8	• 21	12	10	64	1.6	12.5	32.8	18.8	15.6	15.6	3.1	100
Seven years' and less than ten ...	—	—	6	10	10	43	—	—	14.0	23.2	23.3	18.6	20.9	100
Ten years and upwards	—	1	3	6	7	27	—	3.7	11.1	22.2	25.9	18.5	18.5	100
Totals	16	29	47	38	31	210	7.6	13.8	22.4	18.1	14.8	15.7	7.6	100

of employment, and should be read with the proviso that some interval, probably one hour, is understood to be included.

Daily Period of Employment.

	Less than 6 hours.	6 hours—	7 hours—	8 hours—	9 hours—	Uncertain.
Numbers working.	2	2	35	114	49	13

In one or two cases only, a working day of ten hours is mentioned. The most usual hours of work are 9 to 5, 9.30 to 5.30, or 10 to 6. In one case three hours' daily work is given for 18s. a week.

Overtime.—Overtime appears not to be general, but there are a few cases where it plainly amounts to distinct hardship. The information is somewhat difficult to classify, as only a few writers give the amount per week in hours; I venture to present it as follows:—

			<i>Overtime.</i>		
			Less than 2 hours per week.	2-4 hours weekly.	Over 4 hours weekly.
None.	Little.	Frequent.	6	14	8
43	98	19			

In one case the hours are 8.30 to 6.30, with $1\frac{1}{2}$ to 2 hours' overtime daily. Payment for overtime varies much, and can hardly be tabulated. A great many say there is no such payment; in other cases 6d. or 1s. for tea is given; in a few cases 9d. an hour or 1s. 6d. for two hours is given; sometimes $1\frac{1}{2}$ d. a folio. In three cases 3s. is paid if overtime lasts beyond 7 o'clock, and two mention "cab fare home" if after 9 o'clock. It is significant that in several cases where overtime is excessive, it is not paid for. There is reason to suppose the practice of working overtime is on the decrease; several informants say it has been given up, or that "it used to be frequent, but not now."

Knowledge of Languages.—Another question included was: "Is part of your salary paid on account of knowledge of a foreign language?" Most answered this query with a simple No, and we have no means of knowing how many of these meant that they knew no foreign language, how many merely that they did not think they were paid for the knowledge they had. The affirmative answers are too few to warrant any very decided conclusion, but they do tend to show that languages, especially German, seem to attract a higher salary.

Salaries.

	Under 20s.	20s.—	25s.—	30s.—	35s.—	40s.—	45s.
Knowledge of French	—	—	4	3	3	—	—
„ German	—	—	—	—	—	2	—
„ both	—	—	1	—	1	8	5
Unspecified	—	—	—	—	1	1	—

One earner of over 40s. knows Russian as well as French and German. These salaries are clearly above the general average. Some of the writers think their knowledge of one or more languages is, others that it is not, an element of advantage to them. It is perhaps worth pointing out that the study of a foreign language, as far as it goes, is an intellectual gain; the student by so much does become a more enlightened and efficient person, even though the knowledge is not actually used in his or her professional work, and in this way a language very possibly has some market value, even if an indefinite one.

Holidays.—Holidays are a grievance, as only a fortnight is normally allowed and paid for. In some firms three weeks is given to employees of over five years' service, and a month to those of over ten years. Some girls take an extra week or two's holiday at their own expense.

Conclusion.—It is hoped that these few details, though they cannot pretend to form a complete picture of the profession, may add something to our knowledge of an occupation which is likely to be followed by an ever-increasing number of educated women.

B. L. HUTCHINS

TRADE SCHOOLS FOR GIRLS IN LONDON.

TRADE schools for girls have long existed in several Continental countries, those in Paris being particularly excellent. In London, trade schools for boys have been at work for some years past; and that carried on at the Shoreditch Technical Institute is perhaps as inspiring and encouraging an enterprise as any to be found in this country. In this school, established by the defunct Technical Education Board of the London County Council, there is a most judicious mixture of theory and practice, of general and technical training. The boys learn drawing, designing and modelling, English composition and arithmetic, in addition to the instruction and practice afforded in their actual handicraft and to special teaching about the nature and manufacture of different woods, and about trade measurements, calculating and pricing. It has been wisely recognised that general intelligence and general knowledge are important factors in the making of a good workman, and that the development of the brain is as necessary as the development of the hand. A trifling instance may serve to exemplify the thoughtful good sense which is the

ruling spirit of this school. In the designing class a couple of squares of looking-glass are provided; a boy who has designed a pattern intended for repetition applies these to the two edges of his drawing, and is at once enabled to see the repeated pattern and to judge of the effect without wasting precious time in mere reproduction. At every turn may be observed the same care to save time and to keep brain as well as hand occupied.

The technical education of girls in London has lingered behind that of boys, and the need for it has become crying. A large number of girls enter the labour market every year, of whom only an exceedingly small proportion are ever properly taught any skilled trade. The unskilled industries are overcrowded, and very ill-paid; while the skilled and intelligent workers for whom almost every employer clamours and who could command decent remuneration, fairly steady employment and reasonable prospects of advancement, are not forthcoming.

Domestic economy schools have, indeed, existed for a considerable time; but in these—as the Reports of the Technical Education Board expressly declared—the object was not to teach a trade, but to improve the capacity of women in the management of their homes. Cooking, housewifery, laundrywork, and such dressmaking as is likely to help the home-dressmaker are taught, and the instruction is, no doubt, of considerable value to the learners, but not of industrial value.

In the autumn of 1904 the Governors of the Borough Polytechnic Institute, Borough Road, S.E., with the approval and the financial aid of the London County Council, opened a day school of waistcoat-making for girls. This trade was chosen as one in which the investigations of the Women's Industrial Council showed a demand for skilled workers, together with prospects of good pay and regular employment. The plan of the school was carefully and intelligently thought out, and it seems probable that (although variations of detail according to the trades taught may be expected—and, indeed, hoped) the type of school evolved will be found very generally suitable. The hours of attendance are, at present, only 32½ per week, but may not improbably be increased. Of these about 21 are given to technical work, the remainder being occupied by drawing, arithmetic, elementary science, English, and physical exercises.

These general subjects are chosen with the two-fold aim of raising the general tone of mind and of developing those special qualities upon which the trade-work makes demands. There are, for instance, few skilled trades in which drawing (taught in all

French trade schools) is not helpful. Eye and hand alike need the training afforded by freehand, design and drawing to scale. It is interesting that the criticism of trade specialists upon the work of the Borough Road pupils is often: "The sewing is all very well, but the *line* is not right." Even in a craft that seems so remote from art as waistcoat-making, rule of thumb will not suffice, and skill needs to rest upon first principles.

Elementary science, again, tends to develop accuracy and precision, qualities most essential, and alas! uncommon, in all handicrafts. Arithmetic and geometry are taught hand-in-hand; geometry is found extremely helpful in "increasing the pupils' appreciation of shape and size," while no woman can hope properly to fill a forewoman's or manager's post who has not a fair knowledge of arithmetic.

In English the girls are instructed in various trade processes, in "industrial history, business correspondence . . . and composition, oral and written." They also read both prose and poetry, and discuss current events. "Occasional debates are held, when carefully prepared papers are read by two or three members of the class and discussed by the others in extempore speeches." In the earlier days of the school visits were made to various public buildings, but the English mistress no longer has enough time free for conducting these. Perhaps ladies who have leisure at their command might put themselves at the disposal of the teachers and act as guides to small parties of girls.

The value of such teaching in opening the minds and enlarging the outlook of the pupils is very great, but is sadly apt not to be fully appreciated by girls themselves, by parents nor, indeed, by the trade teachers under whose charge so many of the school hours are spent. "It is well," says Miss Helen M. Smith, Superintendent of the School, in a paper read at a conference of teachers,¹ "to have explanatory talks occasionally with the girls and to endeavour to make them understand that a handicraft worker needs not only trade skill, but also general intelligence, so that she may be able to apply her skill and knowledge to changing industrial conditions. It will be well also to have meetings of the parents and to put the same point of view before them."

In regard to technical training, the Governors very wisely recognised from the outset that the practical value of the teaching given would largely depend upon the degree to which it could be kept in accord with the actual conditions and demands of the

¹ This paper, from which I have quoted largely, was published in *Education* for March 9, 1906.

trade. They sought, therefore, the advice and assistance of employers and foremen engaged in the business. An Advisory Committee of trade experts was formed, and its services have been found invaluable. In the choice of a trade teacher—who must always be a skilled worker possessing practical workshop experience—the judgment of experts is essential; and hardly less so is some system of regular and skilled inspection. This the gentlemen of the Advisory Committee have given, visiting the work-room once a month and examining in detail the whole of the work done. Trade “At homes” are also held from time to time, to which “heads of firms, managers, foremen and forewomen” are invited.

A considerable part of all technical training must consist in practice, such matters, for example, as the exact stitching of waistcoat edges and the making of perfect button-holes demanding constant repetition. It is not surprising, therefore, to learn that the one-year course originally proposed has been found too short and has been extended. The success of the experiment was, however, so encouraging that, in October, 1905, the Governors enlarged their school by the addition of classes in upholstery and in dressmaking, the London County Council again helping with a special grant. The trade work of the classes is, of course, carried on separately, each having its own expert teacher; but for general teaching the pupils mingle, their divisions depending upon points other than their special trades; and the classes for physical exercise are taken by the whole school together.

It is early yet to speak of results, but it is clear that certain pupils of the waistcoat-making class have attained to a degree of skill which should make them exceedingly useful to any employer. A first group is now just passing into the open labour market, and it will be most interesting to watch their progress. That these pioneers will be regarded with a certain degree of hostility by fellow-workers, and possibly also by foremen or forewomen, is more than probable; but it is probable, too, that on the part of superiors, at least, this attitude will be changed by experience into one of welcome.

In the dressmaking class—where the untrained visitor feels not quite so incompetent to form a judgment—work of a most interesting kind is being carried on. Invention and originality are carefully stimulated; the pupils at various stages design miniature sleeves, skirts, etc., choosing their material from among the miscellaneous stores of the class-room, and these models are submitted to the inspection of the Advisory Committee. Some of them

show great taste, skill, and individuality; others a considerable lack of these qualities. But the best designs come, almost invariably, from the girls who had been longest in the school; and the better ones showed growth not only in skill, but in originality—due, probably, in large measure to the influence of that general teaching which is so wisely given them.

And here a second point may be mentioned in which outside help might find a place. The school needs for its work a great variety of stuffs, but the pieces need not be very large. In scores of households there are accumulations of thin and pretty remnants left over from children's frocks, from pinafores, blouses, etc. Parcels of such scraps would be of real use in the dressmaking class, and should be sent to the Lady Superintendent at the Borough Polytechnic Institute, Borough Road, S.E.

The work of this class not being intended, like that of the Domestic Economy Schools, merely to enable girls to make the easier parts of their own clothing, or the clothing of their future children, the methods are those not of the home, but of the work-room, and each girl is taught to design and make all the parts of many different kinds of dresses. Employers have been known to complain that girls who have learned dressmaking—as they suppose—in a domestic economy school are really more troublesome as learners than girls who have had no sort of teaching. It is well that the difference between the methods should be noted, and that girls desiring to enter the dressmaking trade should seek a trade school.

The pupils of the upholstery class are taught to make up mattress-ticks, to sew and bind carpets, to line, bind and pleat up curtains, in a greater variety of different ways than an ordinary person would suppose possible, and to execute various other processes outside the scope of the general needlewoman. On the occasion of my visit a large arm-chair stood awaiting a "loose cover." It was interesting to hear that a girl who had been by no means successful in the dressmaking class had come over to this one, liked the work, and was progressing well. This instance shows one among the various ways in which it is advantageous to have various trade classes associated in the same school. It is also good for the girls to share their general teaching with others engaged in other branches of work, and to join with these others in drill and in games. The whole undertaking gains a wider character; and the gatherings of parents, employers, etc., must likewise become more varied and interesting.

The experiment of the Borough Polytechnic no longer stands

alone. The London County Council has recently (on April 30th, 1906) opened at the Paddington Technical Institute in Saltram Crescent, a Day Trade School in Dressmaking, and at the Shoreditch Institute a similar school in which the trades taught are upholstery and the designing and making of ready-made clothing.

The choice of this last subject indicates a comprehension of changing developments and a readiness to recognise new openings not very common in public bodies. The ready-made clothing trade has of late years improved enormously in character. "Robes" (*i.e.*, skirts not sewn up nor fixed to a waistband, but seamed, trimmed, and accompanied by material for the bodice) are now shown habitually in good West End shops and are largely bought. They are manufactured in tweed, in cloth, in serge and every variety of thin woollen material, in linen, cotton, and muslin, and in silk of every kind. In many instances material, design and workmanship are all excellent. The garments are indeed often far better made than they would be in the workrooms of many private dressmakers; and the fact that they are cut out in numbers and made up in large workrooms with the aid of every modern appliance allows them to be profitably sold at prices comparatively cheap. Ready-made blouses, too, are in great demand, and range from the ill-made garment of flannelette, offered at a shockingly low price, to really artistic designs executed in expensive silks or velvets, and trimmed with hand embroidery or genuine laces. Children's clothing, as well as every description of underwear, may also be purchased ready-made and of excellent quality; nor is there any reason why these branches of the clothing trade should not follow the line of evolution and pass into that more highly organised stage attained already by some other branches. Such development, however, demands a supply of skilled workers able to design new garments, make up samples from a sketch, and reckon out the cost of such samples produced in bulk. Here then is a field for precisely the sort of training that a trade school can best furnish; an opening for that mixture of general intelligence, adaptability and technical knowledge which we have seen to be the aim pursued at the pioneer school in the Borough Polytechnic. The progress of the new class will be watched with great interest; and persons acquainted with the admirable work carried on at the boys' school under the same roof will augur hopefully from the fact that it begins its career amid the traditions of the Shoreditch Institute.

CLEMENTINA BLACK

THE COLONIAL LANDS OF NATAL.¹

NATAL has been a British possession for more than half a century. During that period it has succeeded in disposing of nearly the whole of the lands of the Colony, and, by reckoning the proceeds as part of general revenue, those proceeds have been spent by its Government.

Natal proper contains, approximately, twelve million acres. It is important to notice the manner in which that land has been dealt with by the Colony. The portions of Natal which have been recently annexed are excluded from consideration in this paper. They are : Zululand (annexed in 1887, and made a province of Natal in 1897), and the " Northern Territories," namely, Utrecht, Vryheid, &c. (till lately forming part of the Transvaal, taken over by Natal in 1901).

Prior to occupation by Europeans, different tribes of Bantus "squatted" on the land. They cultivated small plots of the tribal lands here and there, removing to other plots when the soil became exhausted or more suitable plots were found, or the squatters were ousted by some superior force. The cultivation was very poor, principally by the women, as it was considered derogatory amongst these tribes for the males to engage in labour of any kind. It is reported that, owing to Tshaka's raids from Zululand, the tribes in Natal proper were almost exterminated, only about thirty individuals remaining between the border of Zululand and the Umzimkulu. Individual ownership of land was unknown amongst these Bantu tribes. Tribal lands were held by the chief on behalf of his tribe, but not as his personal property. Whoever became chief after him, whether by succession or conquest, held the lands on behalf of the tribe he ruled.

The Dutch, under the leadership of Pieter Retief, entered Natal in 1837. At that time, and for some years later, it was the custom for the Dutch settler to claim, as his "farm," as much land as he could ride round between sunrise and sunset. This naturally gave rise to disputes between adjoining "farmers," each striving to hold what he claimed, and the stronger prevailing. In South Africa, the word "farm" is loosely used for any extent of land under one ownership, whether cultivated or uncultivated. Many "farms" to this day are principally pasture or uncultivated, with perhaps a small portion under some sort of cultivation.

¹ A paper read before the British Association, Johannesburg, 1st September, 1905.

The British occupation was at first practically only what is now the town of Durban and the immediately surrounding country. It took place in 1838-1839. The Dutch "Republic of Natalia," which practically meant the remaining portion of Natal proper, with its capital at Pietermaritzburg, was proclaimed on December 24th, 1839. With the exception of Durban, it claimed and exercised jurisdiction over all Natal proper, as we call it to-day. Natal as a whole (that is Durban and "Natalia") became a British Colony on May 10th, 1843, the British claiming what had been known as the Republic of Natalia, as well as the Durban portion of Natal already mentioned. They retained the capital at Pietermaritzburg. Natal was annexed to Cape Colony for administrative purposes in 1845, and continued to be a province, or rather "district" (which was the term used), of the Colony of the Cape of Good Hope till 1856.

Natal now entered into possession of the twelve millions of acres contained within its borders, all the lands of the Colony being considered to belong to the Crown. They were denominated "Crown lands," but as they were really dealt with by the Colonial Government, with very little interference on the part of the authorities in England, they may fairly be called the "Colonial" lands of Natal. It is at this point that the record of these Colonial lands begins.

The system adopted in dealing with these Natal lands has been by direct grant from the Crown—that is, a grant signed by the Governor (or Lieut.-Governor) as representing the Crown. There are peculiar anomalies in connection with some of these early grants. For instance, grants for mission glebes and mission reserves made since 1856 are in most cases stated in the grants to be made "by virtue of the powers vested in the Lieutenant-Governor by Ordinance No. 5, 1856." On referring to the actual Ordinance, the astounding fact is revealed that, whatever its object was intended to have been, it did not authorise any grants of land. It merely enables the American Board of Commissioners for Foreign Missions to hold lands in Natal as though they were naturalised British subjects. The reason for that was that no foreigner could hold lands in Natal, and it was not thought desirable that the American missionaries should be ousted, on that account, from the mission lands set apart for them, and afterwards formally granted to them. However, that Ordinance No. 5 of 1856 was made to do duty as authorising grants of land to various missionary bodies. Again, with regard to grants of mission reserves, reference to the deed of grant of

a mission reserve will show that it recites that the grant of the mission glebe near that reserve had been made "for the purposes of a missionary station"; but in the grant of the glebe itself nothing can be found to justify that statement. Further, a grant of a mission reserve of 6,207 acres, at Umvoti, was made to the American missionary body on November 18th, 1862. Scarcely was the ink dry before portions of that acreage of mission reserve land were granted in freehold, *direct from the Crown* (just as if the Crown had not already alienated it by grant) to individual natives, in plots of about twenty acres each. In these grants to individual natives a clause was inserted "with permission to dispose of or alienate the same with the approbation of Government." In 1891, the Supreme Court held that the owner of such land could pass transfer in the ordinary way—that is, could sell the whole or any portion of it *without* the approval of Government. Moreover, these grants were only made to Christian natives, but no mention of this is made therein. Consequently, when some of the principal native freeholders relapsed into polygamy, it was found that, as they each held under a freehold title, they could not be removed from what was intended to be a Christian (monogamic) community.

Prior to 1856, some Colonial lands had been set apart, or granted, for Boer farmers, for towns and villages, and also for native, mission, and educational purposes. The Boer farmers who were not favourable to the British occupation are said to have found considerable difficulty in getting their farms confirmed to them by the necessary (subsequent) grant. Those Boers who had practically declared themselves independent of British rule, fearing dispossession, deserted their farms in considerable numbers during 1846–1847. Grants were made to British subjects in quit-rent tenure, the areas granted varying from 2,000 to 8,000 acres, the annual quit-rent being thirteen shillings and fourpence for every thousand acres, redeemable at fifteen years' purchase. It is a condition of these grants that cultivation is to take place "as far as the land is capable of it." To stop the exodus of Boers, they were promised permanent titles to their farms, not exceeding 4,000 acres each, with the remission of the quit-rent for the first three years. In that way, 245,000 acres were alienated, whilst 3,150,000 acres were otherwise alienated in quit-rent tenure.

Natal, as already stated, became a separate Colony in 1856. In that year "military service grants" were instituted under Proclamation No. 81 of 1856, the grantee being bound to actually

occupy the farm, and to have and keep ready for his own use thereon a horse and a gun, with the necessary ammunition. For every further thousand acres another man, similarly equipped, was to be provided. In this way, 65,000 acres were alienated. By Law 21 of 1863 the owner could obtain release from the conditions of military service, and convert his farm into freehold, by paying twenty times the annual quit-rent, which was not less than £6 on every farm granted, the area of each farm varying from fifty to three thousand acres. As the country became settled, the military service obligation fell into desuetude, if not previously released. Then, in 1857, followed grants of quit-rent farms, with a fine for non-occupation of four times the amount of quit-rent per acre, in addition to the quit-rent itself. The non-occupation fine was payable if the lands were not occupied during six months in every year by the owner, or by a person of European descent approved by the divisional magistrate. Farms granted under this proclamation varied from three hundred to three thousand acres, and 1,320,000 acres were alienated under it. In other ways not specified, 655,000 acres were granted in freehold.

In 1880, under the Governorship of Sir George Pomeroy-Colley (who afterwards lost his life at Majuba), appeared a proclamation with rules and regulations, which are the foundation of the present rules and regulations, for the alienation of the Colonial lands, and the sale of what are called "township lands." The ten-years' purchase system for ordinary lands was instituted. It was afterwards altered to the twenty-years' purchase system, which still obtains. In theory, the purchase system ought to be very beneficial to the Colony. The ordinary lands are sold in freehold by public auction at an upset price, or "reserve," of ten shillings per acre, the purchase price being spread over the period mentioned in equal instalments. Beneficial occupation is insisted upon, on paper. Township lands are sold by public auction in plots, termed "erven," subject to varying upset prices, but under the condition of personal occupation by the purchaser or approved agent, "or of useful occupation in the form of any building required for purposes of industrial business." This seems to be the first time "useful occupation" was stipulated for, as distinguished from "beneficial occupation," in connection with the Colonial lands of Natal. The purchase price is paid in three instalments, spread over two years. In practice, by arrangement between intending purchasers, and by the non-enforcement of the occupation clauses, these purchase systems

have largely failed in their object. In fact, for many years the contract imposed no penalty for non-occupation, the only penalty imposed being for non-payment of the annual instalments. There are also cases where the occupation condition has been waived by proclamation, the only obligation the purchaser remained under being to fence the lands purchased. Under that proclamation just mentioned, 26,000 acres were alienated, nearly four-fifths of that acreage being owned by one purchaser.

In consequence of the inquiries of the Lands Commission in 1901, it was discovered that there had never been a case in which Colonial lands had been resumed by the Government for default in fulfilling the terms of the occupation condition. Under these purchase systems, 2,590,000 acres have been alienated.

Approximately there only remain about a million acres of Colonial lands unalienated, which the Surveyor-General considers to be mainly in the least accessible districts of the Colony. This means that almost the whole of the most valuable asset of the Colony, its land, has been alienated for ever, as will be seen from the following statement :—

	ACRES
Confirmation grants (quit-rents)	3,150,000
Grants to Boers (quit-rents)	245,000
“ Military service ” grants	65,000
“ Non-occupation fine ” grants	1,320,000
Other grants in freehold prior to 1880 ...	655,000
Lands held in trust for natives (locations, etc.)	2,500,000
Granted for missionary purposes (reserves, glebes, etc.)	170,000
Grants for educational purposes	16,600
Set apart for towns and villages (town lands, commonages, etc.)	135,000
Grants in freehold since 1880 (purchase systems)	840,000
Lands in process of alienation (purchase systems)	1,750,000
	<hr/>
	10,846,600
Remaining Crown lands (approximately) ...	1,153,400
	<hr/>
	12,000,000
	<hr/>

This statement is in accordance with a return made by the

Surveyor-General in 1901. Since then the remaining Crown lands have been reduced by further sales under the purchase systems.

The alienation of these Colonial lands has not been entirely without benefit to the Colony. That would have been almost impossible. It is beneficial, in a sense, if lands are taken up under *any* conditions, rather than allow them to remain derelict; but, as already stated, the occupation conditions were not properly enforced, thereby letting in the land jobber and land speculator, and consequently not obtaining for the Colony its due proportion of benefit. By parting with (or "giving way," as the Lands Commissioners termed it) the Crown lands of the Colony in the manner indicated, Natal is now compelled to look more to her other resources for future prosperity.

If these Colonial lands had been conserved, portions being disposed of from time to time in the real interests of the Colony, the political element being entirely eliminated, and the proceeds of their disposal set apart to form a fund for future use in connection with land settlement, instead of being thrown into general revenue, the prospects of white occupation would be very different from those at present existing. In 1902, the Lands Commission recommended the setting apart of the proceeds for this purpose, in the case of all Crown lands in process of alienation, then or in future; but, so far as I am aware, this recommendation has not been carried out.

The great object in the alienation of these Colonial lands was always said to be their beneficial occupation by persons of European descent, and the increase of the white population of the Colony. It has been a common practice to approach the Government, through members of the Legislature or high officials, for remission of the occupation conditions contained in the contract. No case came before the Lands Commission where such an application was met by the suggestion that the land in question should be resumed by the Government. Such an idea never appears to have entered the minds of those concerned. The Report of the Commission states: "Titles have been acquired by little or absolutely no occupation. The beneficial occupation condition has debarred numbers of persons from purchasing Crown lands. Others, less scrupulous, have purchased, and ignored the conditions, and acquired the titles."

It should, however, be stated that since this Report was published an effort has been made to attract a good class of settlers, and to place them upon land specially purchased by the

Government for the purpose of close settlement by persons of European descent, which land has been irrigated since its purchase.

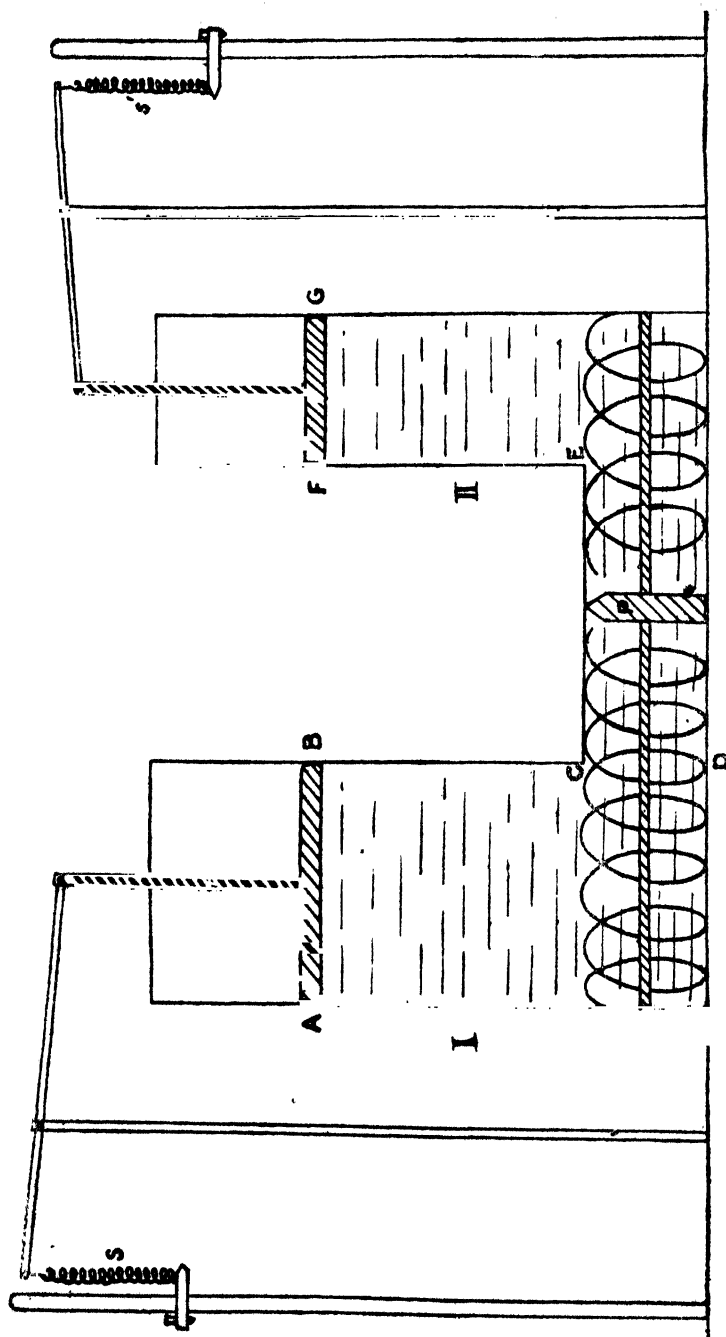
ROBERT ABABRELTON,
*Formerly Secretary to the Lands Commission
and Lands Board.*

AN HYDRAULIC MODEL TO ILLUSTRATE CURRENCY PHENOMENA.

IN the theory of the money market and the foreign exchanges cause and effect may be observed and predicted with an exactness which is not attainable in any other branch of economics. The value of gold is so great relatively to its bulk and weight, and arbitrage dealings have reached such a degree of refinement, that here we have all the requisites of a true "market." It is proposed to show how we may represent the main phenomena of this "market" by means of a mechanical model.

Suppose any number of upright cylinders of various sizes, each of which has one end closed and the other end fitted with a close-fitting piston. Let each of these cylinders be connected with every other one. We will suppose that each cylinder represents a country, the trade of each country varying directly as the area of the end of its cylinder. For the sake of simplicity we will commence by considering the case of two countries such as France and England, which are closely connected, and both of which trade freely in gold. Let this gold be represented by water which fills each cylinder up to the piston. If there be free connection between the cylinders the water will attain the same height in each, for the piston-heads are supposed to move freely and to be of equal weight. This height represents the level of prices in each country; also the volume of the water in each cylinder will be proportional to the trade of the country represented by that cylinder. Here already we have two great truths illustrated; firstly, that in closely connected countries the general level of prices must be the same, and secondly, that where no credit system exists each country obtains a supply of gold proportioned to its trade.

Next, in each cylinder suppose an elastic bag which may be inflated or deflated of air by means of a pump fixed on the outside of the cylinder. The volume of the bag denotes the extent of the credit system in that country. Obviously an



expansion of credit (the bag) will, *ceteris paribus*, drive gold out of the country.

In the tube connecting the two cylinders let there be a closely fitting piston-head, which can move freely along a rod, except for two springs which offer some resistance to its motion in either direction. If for any reason the pressure on one side exceeds that on the other, the piston-head will begin to move, and if this difference be sufficient, will move as far as *CD*. But if it get beyond *CD* free communication is established between the cylinders, water will rush through, the difference of pressure will be relieved, and the piston-head will begin to travel back to its former neutral position.

The motion of this piston-head (which we will call *P*) represents the movements of the foreign exchanges. If *P* moves towards a cylinder, it indicates a movement of the exchange in favour of the country represented by that cylinder. *C* and *E* denote the "gold points"; those points beyond which the exchange cannot go on account of the alternative method of payment by shipping gold.

The piston-head *A B* is attached to one arm of a balance, to the other arm of which is fixed a spring *S*. The lower end of *S* is fixed to a clip, which may be moved upwards or downwards on its support. The same arrangements are made for the other cylinder.

The pull exerted by the spring *S* represents the effective discount rate for that country, *i.e.*, the market rate for fine bills. The position of the clip varies with the bank rate; a high bank rate means a low position for the clip, and *vice versa*. Suppose that for some reason the bank rate in England (as we will call the cylinder *I*) is raised: the clip will be lowered (*ex-hyp.*) and an extra pull will thereby be exerted on the piston-head *A B*. This will tend to rise, and so to pull up the water in the cylinder *I*, and *P* will move towards *C*, *i.e.*, the exchange will move in favour of England.

But now consider the effect of these changes on France (the cylinder *II*). The piston-head *F G* will be lowered, and this will put an extra pull on the spring, *i.e.*, the market rate of discount will rise. The unfavourable (for France) movement of the exchange will thus be stopped.

It is to be noticed that a favourable exchange implies a higher level of prices in the favoured country.

So far we have no means of representing the varying volume of trade. If trade in England expands we must then suppose the cylinder *I* to grow fatter in some way. If the volume of trade decreases the corresponding cylinder must be supposed to

grow thinner. An expansion of trade will tend, *ceteris paribus*, to lower prices, and a diminution of trade to raise prices.

These phenomena, however, will generally be obscured by the changes of credit, for trade will in general expand in times when credit is high, and diminish when credit is low.

The harvesting and shipping of the autumn crops of the United States means a perennial increase in the volume of trade. Their cylinder suddenly grows fatter, and the water in that cylinder falls below the normal level; hence there is a pressure of water from the other cylinder, the exchanges move in favour of the United States, and there is a general rise in discount rates.

To recapitulate:—the height of the water in each cylinder represents the general level of prices in that country; the area of the end of the cylinder represents the extent of the country's trade; the size of the credit bag represents the extent to which credit instruments replace the precious metals; the tension exerted by the spring *S* varies with the stringency of the money market, and the position and movement of the piston-head *P* denotes the state of the foreign exchanges.

We can now follow on the model the course of events culminating in a financial panic.

Such movements generally begin with a good harvest; this implies an increase of trade, the cylinder fattens, and there would be a fall in prices if this were not accompanied by an expansion of the credit bag. Cheap food implies increased purchasing power by the mass of the people, credit is freely given, prices begin to rise and discount to fall; the exchanges also move unfavourably, owing to the high level of water in the cylinder, and if the boom continues, *P* will move to a point such that water trickles slowly out. Gold is being exported. The cylinder gets fatter and fatter as trade increases in volume; this causes the level of the water to fall, and increases the strain on the spring *S*; that is to say, prices begin to fall and the market rate of discount to rise. Those who have bought for the rise are disappointed in their hopes, they find it increasingly difficult to borrow money, and finally the time comes when a great failure causes widespread distrust.

The credit bag collapses almost entirely; the level of the water falls suddenly and far, and the spring *S* exerts a strong pull to prevent it falling further. In the case of England the Bank would assist by moving the clip at the lower end of the spring downwards, and fixing it at some lower point. It would

raise the Bank rate. The piston-head P also will move towards the cylinder belonging to the disturbed country, and the cylinder will get thinner as representing a diminished trade. All these changes help to relieve the position, and will probably relieve it so effectually that money will soon be plentiful in the very place where a few months before it could only be obtained at fancy rates, and then only on the finest security.

In considering the distribution of gold throughout the whole world we must suppose that in the case of some cylinders water can be pumped in from an outside source. These are the gold-producing countries. As the water cannot distribute itself without a certain amount of friction, the level of water in these cylinders will be abnormally high, and there will consequently be a pressure of water towards other cylinders; that is, prices in these countries will be high, and the exchanges will always be against them. An increase in the production of gold will, *ceteris paribus*, cause a wave of increased prices to spread to all countries, starting from the gold-producing countries, whilst an increase of trade in any country (denoted by a fattening of the cylinder) will cause a wave of low prices to spread from that country to all other countries. We must suppose a leakage of water from every cylinder to correspond to the wastage of gold by friction, etc.

To denote the nature of the connection subsisting between countries which trade freely in gold and countries which suffer from a currency of inconvertible paper the model must be slightly altered. The tube joining the two countries must be prolonged into the gold currency cylinder, and this prolongation must be made partly of a membrane which will allow water to pass through it, but will not allow colloid substances, such as gelatine, to do so. The paper currency is represented by this colloid substance, which must have a density approximately equal to that of water. The issue of inconvertible paper is represented by pumping the colloid substance into the corresponding cylinder. This will cause a temporary rise in the level of the water, which will be accompanied by an adverse exchange. As more colloid is pumped in water will be driven out, until finally there is none left, either in the cylinder or in the connecting tube. The colloid has now reached the adverse gold point, but cannot penetrate into the other cylinder, owing to the membrane which will not allow it to pass. In consequence of this the exchange piston-head may be driven right past the gold point, and the level of the colloid in the paper currency cylinder may rise to any height;

that is, exchange may become indefinitely unfavourable, and prices will rise to any required height, provided inconvertible paper be issued without limit. So long as the colloid does not get further than the point half-way between the gold points, prices will adjust themselves as usual, and there need be no evil consequences; but there is always the danger that, owing to a thinning of the cylinder, *i.e.*, a diminution of trade, the height of the liquid in the cylinder may rise and the exchanges become unfavourable without any compensating influences being brought into play, and so the country may be unintentionally brought under the ban of a depreciated currency.

D. A. BARKER

RECENT OFFICIAL PUBLICATIONS

Report on the Civil Employment of Ex-Soldiers and Sailors.
[C^d. 2991.]

It is recommended—*inter alia*—that every soldier should be taught some kind of technical work during his military career; and that arrangements should be made with technical institutes in towns where soldiers are quartered for the tuition of men in various trades and crafts.

Report on Agricultural Settlements in British Colonies.
[C^d. 2978.]

THE departmental committee appointed to consider the scheme proposed by Mr. Rider Haggard (see ECONOMIC JOURNAL, Vol. XV., p. 617) cannot recommend the adoption of the scheme. They consider the proposed Colony too large; the management by a religious body undesirable; the precedents he cites inapplicable; the suggestion that men going from English cities should take up land in Canada without previous Colonial experience unwise; the expense greater than he calculates; the prospect of the return of the money advanced uncertain; and the difficulty as to the selection of settlers serious, if not insurmountable.

Report on Strikes and Lock-outs. 1905. [C^d. 3065.]

THE amount of working time lost by disputes, *viz.*, 2½ million days, was higher than in 1904, but below the average for 1900–4.

Third Abstract of Foreign Labour Statistics. [C^d. 3120.]

WAGES, hours of labour, trade unions, trade disputes, conciliation and arbitration, workmen's insurance, co-operation are the heads on which information is given for fourteen foreign countries.

Agricultural Statistics for 1905. [C^d. 5061.]

INTERESTING comparisons are presented. The average of arable land in England and Wales in 1905 compared with 1871-5 has decreased by 21 per cent. The area under oats in the United Kingdom has fluctuated, but not on an average declined.

Copy of Translation of Prussian State Documents as to the Introduction of the Assessment of Real Estate on the Basis of its Market Value for Local Purposes, viz., Circular of Minister of Finance and Minister of Interior of the 2nd day of October, 1899, and Model Regulations therein referred to; Memorandum of 1904, and Extracts from Statistical Tables accompanying it. 173.

THE instructions of 1899 recommend as the basis of assessment the market value of the real estate subject to taxation, this value to be proved annually or triennially by the Assessment Committee. The principle of "annual value" is said not to be so well adapted to the increasing value of building sites in large towns. Also, it presses unfairly where the rent is out of proportion to the capital value, as in the case of small tenements let to the working classes, where the owner has to compensate himself for depreciation and insecurity. These recommendations have been, according to the memorandum of 1904, confirmed by experience. The principle of market value "has had the effect of materially decreasing the burdens of those entitled to considerate treatment by enabling a heavier assessment to be placed on those capable of bearing it." Thus, in one commune in which, under the old system, the land (not built upon) paid only 3 per cent. of the local taxes on real estate, the proportion was increased by the introduction of market-value assessments to 36½ per cent. of the total taxes. The statistics show a diminution of from 30 to 40 per cent. in the assessment of the less valuable dwellings let to the poorer classes. Whether the tenant has had his rent correspondingly reduced does not yet appear.

Report of the Select Committee on the Education (Provision of Meals) Bill, 1906. 288.

A COMBINATION of public authority with voluntary agency is recommended [compare the recommendations made in the article

on "Feeding of Children," by Sir William Anson, in the June number of the ECONOMIC JOURNAL.]

Department of Agriculture and Technical Instruction for Ireland Journal, July, 1906.

THE Vice-President (Sir Horace Plunkett) in his address to the Council of Agriculture refers to the pending inquiry into the constitution of the Department.

London Statistics, 1905-6. Vol. XVI. London County Council, No. 966.

THE volume is the first of a new series presenting a variety of statistics with added clearness.

The Official Yearbook of New South Wales, 1904-5. (Prepared by W. H. HALL.) First Issue.

THIS comprehensive compilation begins with the discovery of Australia and terminates with the latest phase of its development—industrial arbitration.

THE Bulletin of the Bureau of Labour (Washington) for May, 1906, gives a report on conditions of living among the poor in the District of Columbia, by S. E. Forman, based on the budgets of nineteen families. The average weekly expenditure for food is about \$4.7 per week. Rent varies from \$4 to \$14 per month. Irregularity of employment prevails. Money is borrowed on terms equivalent to rates of interest considerably above 100 per cent. per annum.

Report of the Commissioner of Corporations on the Transportation of Petroleum. Washington, 1906.

THE investigation discloses numerous and flagrant discriminations by the railroads in favour of the Standard Oil Company and affiliated corporations, both as to open arrangements and secret or "semi-secret" rates.

The Sixth Financial and Economic Annual of Japan (Tokyo, 1906) presents interesting statistics illustrated by splendid charts. Imports exceeded exports in 1905 by 167 million yen (the yen = 2s. 0½d. nearly). The imports amounted to 488.5 million yen, a little less than the estimated revenue and expenditure for 1906-7. Index numbers of prices and wages since 1900 show a slight rise in both. From tables giving prices for some forty articles and wages in some fifty industries it appears (by taking medians of ratios) that both nearly doubled in the decade preceding 1904.

CITY NOTES.

WE have received the following City notes from "R. G." :—

Consols and the Stock Markets.—The weakness of Consols which followed the Budget, notwithstanding its increased provision for repayment of debt, gave place as the quarter progressed to a steadier tone, and the Stock Exchange markets generally appeared at the end of August to have largely recovered from their nervousness. What happened in reality was that a certain amount of liquidation was gone through, with the usual result that stocks are in stronger hands. The precise causes of the weakness have not, however, been disclosed, and there is some suspicion that the disquieting rumours which prevailed when Consols were falling may not have been completely unfounded. It is always the case that the permanent factors of a business situation do not change rapidly, and unless the quiet is prudently used a return to the alarms and apprehensions of the spring and early summer is not at all impossible after a certain interval. Meanwhile, there are some signs of a renewed boom. The conditions of trade are favourable; the money market remains easy, notwithstanding threats of considerable bullion movements; an incipient banking panic in the United States, consequent on the stoppage of a leading Trust Company in Philadelphia, was promptly checked by a financial combination which provided for the Trust Company's resuming business, so that the boom in Wall Street was hardly checked for a day. The whole situation thus becomes full of interest. On the one side the increase of investing power and the feeling that with rapidly improving trade a boom in stocks is inevitable; on the other the feeling that there is still much unsound finance in all the money markets of Europe and the United States unliquidated, that bank reserves are unduly low, and that the state of affairs in Russia must lead before very long to the bankruptcy of the Russian Government with a long train of financial disasters all over Europe. Probably we shall not have many months to wait for the issue, and there is no harm in cautioning the public specially to avoid speculation, and people in business not to commit themselves too deeply.

Improvement in Business.—Every month adds to the impression of the magnitude of the revival in business that is going on. The increase in the exports of British and Irish produce for

July was no less than £5,621,000, or about 20 per cent., and the increase for the seven months ended July is £30,509,000, or between 16 and 17 per cent. No doubt part of the increase is the result of advancing prices, but the advancing prices themselves are a sign of improving trade. Other proofs of improvement are supplied by the increases in the traffic returns of leading railways, the increased dividends on industrial shares at home, and the rapid diminution of the unemployed, of whom we have heard so much during the last few years. English trade itself has thus supplied the answer, as it has so often done before, to the loud complaints of permanent decay taken up and echoed by charlatans of every sort and kind, who fail to recognise that there is a continual ebb and flow in industry as now organised, and who confound the temporary "ebb" with a permanent retrogression. It would be desirable, no doubt, to mitigate this ebbing and flowing which causes so much misery and leads to so much misconception of the real progress of trade, but the only effective remedy conceivable—an increase of thrift among the working classes—is one that will catch on slowly, the English working classes being what they are, and all sorts of quack nostrums being preached to them.

Trade with Foreign Countries.—Among the features of the trade improvement on which attention should be fixed, looking at the discussions in recent controversies, is the magnitude of the increased exports to *foreign countries*. There was much din a few years ago, as we all remember, about our export trade being only maintained by the growth of colonial demands, the demands from foreign countries, especially from Protectionist countries, being completely at a standstill or actually falling off. Now, in the present revival of our export trade, whatever may be the explanation, it is the exports to foreign countries conspicuously, and not those to British colonies and possessions, that are increasing. In the six months ended June last, while the exports to British colonies and possessions show an increase of about 6 per cent. only, as compared with the corresponding periods of last year and of 1904, viz., from about 53½ millions to 57 millions, we find that the exports to foreign countries in the same six months show an increase of no less than 20 per cent., as compared with last year, and 33 per cent. as compared with 1904, the figures being :—

EXPORTS TO FOREIGN COUNTRIES.

First six months 1904	£91,006,294
„ „ 1905	101,863,628
„ „ 1906	123,343,950

Statisticians are thus justified in their refusal to accept temporary changes as permanent without "waiting to see." It should be a long time before we are again troubled with complaints about our foreign trade such as were lately prevalent.

Silver.—Another feature in the improvement of trade which is now most noticeable is the great demand for silver and rise in its price, which may possibly have lasting monetary effects in those countries which have one after another demonetised silver as far as its position as "standard money" is concerned. In spite of this dethronement, silver has remained in demand in the very same countries for currency purposes, though it is no longer standard, and the result is a shortage of the precious metal which was thought to have ceased to be precious. The consequence is that silver, which was some years ago under 24d., and at one time nearly touched 20d., per ounce, has gradually advanced to just under 31d., with every probability of a rise beyond that figure unless some of the great hoards of silver in Germany, France, and elsewhere are let out for sale. The demand has been universal, and among the latest buyers are the United States Government and Russia. The most remarkable demand, however, has been for India, to which no less than £10,678,000 of silver was exported from the United Kingdom in the first seven months of the present year, representing a much larger quantity of ounces than had previously been exported in any single year. This is about seven or eight years after the definite establishment of the gold standard in India, with numerous special expedients for maintaining a gold standard reserve. The Indian Government, it appears, has already found it desirable to make arrangements for increasing its silver reserve, and it is theoretically quite possible, of course, that if the rise of silver goes on, and silver becomes higher in relation to gold than it is at the rate fixed by the gold standard law, then the so-called gold standard in India will come to an end, and the standard become practically silver, with no small resulting confusion in Indian finance.

American Banking.—The flurry in American banking circles in connection with the Trust failure in Philadelphia, to which reference is made above, ought to receive special notice, as there have been several incidents of a similar nature during the last few months, and they bring to light a peculiarly weak feature of the American banking system. This is the great number of small national banks—nearly 2,000 altogether. Congress, in organising the national banking system, in its anxiety to diffuse abundant money and credit, provided for the establishment of independent banks in every locality by giving the privilege of note-issue, and at the same time prohibited the banks of its creation from having branches, so that the establishment of new independent banks would not be checked by banks in one place having branches elsewhere. Hence the immense number of small banks in the United States, which contrast with the few separate banks in England and Scotland, and the great number of branches. The consequence is that among the banks in the United States incidents and local panics are always occurring. According to the doctrine of chances, it is almost certain that one or other of these panics will become more than local, and one small institution after another must go down, as there are no central banks, and, above all, no bank like the Bank of England, able to lend support to the mass. The conditions thus explain the anxiety with which the financial position in America is at present regarded in many quarters. During the last few years there has been an enormous inflation of credit in the United States, and an immense expansion of loans and deposits. What is to happen if panic comes? And what will be the effect nearer home?

General Rise of Prices.—Reference has already been made to the general advance of prices of wholesale commodities, which is one of the symptoms of improving trade. The phenomenon is one which will receive more attention after a little than it has yet done, especially as it has come on rather gradually and by successive steps, and the resulting effects in checking production which will undoubtedly follow are not yet apparent. The advance has also taken place for the most part in what are known as instrumental articles, such as the metals—iron, lead, and tin—leather (which has brought about a rise in the price of boots and shoes, and of *gloves*); tallow and other articles used in the production of soap, which has risen in price; and finally *coal*, as to which there is a good deal of apprehension for the next year or

two among railway and gas companies, and others which are large consumers. While the trade improvement holds good, the advance will no doubt continue, and we shall have figures of imports and exports for a year or two which will beat even the high record of the present year. Money wages must also advance materially. This change from a low to a high scale of prices and wages is not wholly an advantage to an industrial community, and the inevitable reaction will come; but meanwhile the advancing prices mean high profits to the *entrepreneur* and everything is *couleur de rose*. As yet, also, the rise of prices does not extend to many articles of general consumption, such as bread, sugar, tea, and the like, but it is probable that a change of this sort will come to neutralise somewhat the effect of the rise in wages. The change is perhaps to be explained in part by the great abundance of gold which is beginning to be felt as the result of the constant increase of gold production which has been going on since the close of the South African War, but this is a speculative point of great interest and complexity which it would take us too far to discuss at present.

R. G.

LABOUR NOTES.

WITH few exceptions the prospects of employment, apart from the disorganised and "sweated" industries, are favourable, and the general conditions satisfactory. The building trades remain the chief instance of depression, and the demand in the boot and shoe trade has recently shown a considerable weakening. In the building trades themselves the tendency is slightly in the opposite direction, although it is significant that in the July report of the Amalgamated Society of Carpenters and Joiners in no single branch in England and Wales was the local report on the state of trade "good." All, except in the comparatively few cases in which no returns had come to hand, were stated to be either "bad" or "moderate," and most were put down as the former. About 4·4 per cent. of the total membership were still on unemployed benefit and the number, just over 3,000, was very large for the summer months. It showed, however, a satisfactory decline of 819 as compared with a year ago, and a welcome relief to the funds of the Society of about £350 per week.

THE general percentage of unemployed as shown by the returns made to the Labour Department was 3·6 at the end of July,

thus showing but very slight variation during the last three months. The general improvement, however, as compared with a year ago, is marked. In various great groups of industries, including metal, engineering, shipbuilding, and cotton, present conditions are especially satisfactory, in the shipbuilding group perhaps even *too* satisfactory, since the amount of the output and the number of orders placed must suggest to the prudent man an almost inevitable contraction of demand in the not very remote future.

THE long-standing opposition of the North of England coal-miners to the legal regulation of hours appears to have still further weakened, at any rate for the moment, since on a recent vote of the Northumberland Miners' Association, 9,251 out of a total membership of about 20,000 voted in favour of such regulation and 8,786 against.

THE voting papers were sent out without comment, but the mine-owners have recently issued a statement drawing the attention of the miners to the effects, so far as Northumberland is concerned, of the establishment of a legal eight hours' day. They point out, *inter alia*, that the scope of the work of the hewers would have to be widened so as to maintain the necessary balance of function between the various sections of workers in the mines; that their hours would have to be increased; and that the wages of the boys and others who now work more than eight hours would have proportionately to be reduced. The general observation is made that the cost of production would be largely increased, and some of the other consequences of legislation are enumerated as forming part of the readjustment that would be necessary—including the elimination of some of the older men, who, it is contended, would be physically unable to work under the new conditions, and the stoppage of more expensively worked collieries that would, it is anticipated, no longer pay. The statement of the owners has been circulated by the miners' executive among the members of their Association.

MEANWHILE, a departmental committee has been appointed by the Home Office to consider the question of an eight hours' day for miners, with the primary object, it would appear, of obtaining information that would be useful to the Government as a guide in framing legislative proposals.

AFTER prolonged negotiations, the basis of the new Sliding Scale of the Midland Iron and Steel Trades has been fixed, and affords another satisfactory demonstration of the great merits of the methods of conciliation. The new scale is to remain in force for at least two years, and the wages of about 10,000 men will be regulated by it.

THE difficulties arising from the resumption of the fortnightly pay system by employers in the shipbuilding and engineering trades on the Clyde, which brought the men and their official leaders into sharp conflict some time back, have been arranged in a fresh series of negotiations undertaken under more favourable trade conditions. The differential treatment of the Clyde workmen in this matter of payment has been always resented, and the weekly system has been now granted by the employers unconditionally. A "manifesto" has been recently issued by the Federation of Engineering and Shipbuilding Trades and the General Federation of Trade Unions (which participated in the settlement), giving an account of the dispute. This has turned mainly on the fear of the employers lest with weekly payments men would be tempted to keep "St. Monday" twice a fortnight, and they have announced their intention of "keeping a sharp look-out on bad time-keepers" in the future. To this, however, the affiliated societies have no objection, and they emphasise their obligation and undertaking to use "every moral and legal influence they possess to minimise any wilful and preventable loss of time of which the Clyde employers may have reasonable cause to complain."

THE dispute on the North-Eastern Railway affords a more recent instance of conflict between the rank and file of trade unionists and their official representatives. In this case the executive of the Amalgamated Society of Railway Servants has accepted terms which a large majority of the members of the branches involved, who took the trouble to vote, rejected. The fact, however, that only 2,090, that is, less than one-fifth of the members of these branches, recorded their votes goes far towards explaining the action of the executive. In this Society the normally difficult task of government and control is doubtless complicated by the political dissensions which were so acute a year or so ago, and which are still latent.

THE promise given in the King's Speech to deal with the unemployed question has been kept, but fresh legislation has been avoided by the compromise of authorising an Exchequer grant of £200,000. For the good use of this the President of the Local Government Board has, with characteristic courage and impulse, assumed a direct responsibility. The hope was expressed by Mr. Burns that the grant would be supplemented by voluntary donations, and the period which the £200,000 is to cover was not mentioned. In any case the working of the existing machinery of the Unemployed Workmen Act is provided for for perhaps a longer period than 1906-7, but it will remain for the Central Bodies and Distress Committees to make good their claim for grants. This they will have to do in accordance with instructions and conditions that will be difficult to frame, but which will doubtless be laid down by the President with great care.

THE statement made by Mr. Burns in Parliament met with very general approval, not less perhaps from the "Labour" benches than from other parts of the House. The view that it was necessary to deal with the problem of unemployment to a very great extent by indirect methods of attack, and that it was desirable to await the report of the Poor Law Commission before projecting fresh legislation dealing directly with this difficult and thorny question, was widely endorsed, and is certainly marked by sound political and social insight.

FOLLOWING on the statement of the President of the Local Government Board has come that of the President of the Board of Agriculture to the effect that the Government proposes to divide up Crown lands to the extent of 70,750 acres for development as small holdings. The land allotted for this purpose is spread over a wide area, and if the plan works out successfully it should mark a small further step towards arresting that impoverishing depopulation of the rural districts which has been taking place in recent decades in this country, and which, while it has tended to weaken what in spite of all changes is still the premier industry of the country, agriculture, has intensified the urban problems of congestion and unemployment. The scheme put forward by Lord Carrington should also provide fresh openings for the application of the principles of co-operative association to agriculture, for without this the small holder, no matter what the nature of his produce, will necessarily be very greatly handicapped.

ERNEST AVES

CURRENT TOPICS.

It is with very great regret that we have to announce the resignation of Lord Goschen from the office of President of the Royal Economic Society, which he has held continuously since its foundation in 1890. We desire to re-echo the expression of gratitude which the council have addressed to the retiring president. They truly say, "Your recognition and advocacy of the claims of the society to public support at the time of its establishment, and on many occasions subsequently, have assisted most materially in placing it in its present position, and the guidance and help which you have given on all occasions of importance in the history of the society have been of the greatest value, both to its officers and its members." Although unable in future to give the time and thought required of the president, Lord Goschen will continue in the capacity of vice-president to give support and advice to the society.

THE resignation of Lord Goschen rendered it necessary for the council, under Bylaw 14, to proceed to the election of a new president. It is with very great pleasure that we are able to announce that the Right Honourable R. B. Haldane, K.C., M.P., has accepted the unanimous invitation of the council to fill the vacancy. Despite the great pressure of his duties as Minister of War, Mr. Haldane hopes to take an active part in guiding the society's affairs. His interest in economic science and his great administrative experience will be of the highest service to the society.

MR. HALDANE will preside at the forthcoming Congress of the society, which was announced in the June number of the JOURNAL. It has now been arranged that the Congress shall take place, not in October, as originally contemplated, but on January 9th and 10th of next year. The Congress will be held in London, and the subjects for discussion will be "The Taxation of Site Values" and "The Future of Small Holdings." Among those who will probably take part are Lord Carrington, Lord Onslow, Sir Horace Plunkett, Dr. Edwin Cannan, Major Leonard Darwin, Miss L. Jebb, Mr. C. P. Trevelyan, M.P., and Professor S. H. Turner. Detailed information will be sent to all Fellows in the course of the next term.

A DEPARTMENTAL committee has been appointed by the Board of Trade to consider whether any changes are desirable in the form and scope of the accounts and statistical returns (capital, traffic, receipts, and expenditure) rendered by railway companies under the Railways Regulation Acts. The Board of Trade is represented by Mr. Wilson Fox and Mr. G. S. Barnes, the railway companies by Sir Charles Owens and the chief accountants of the Midland and Great Western Railways. The committee also includes as advocates of the new methods Mr. W. M. Acworth, Mr. George Peel, and Mr. G. Paish. The chairman is Mr. A. Clayton Cole, and the secretary Mr. H. Fountain (Board of Trade).

RAILWAYS are also the subject of a commission issued by the Lord-Lieutenant of Ireland. The commission is to report (1) how far Irish railways, including light railways, afford adequate facilities for cheap and rapid transport within the island and to Great Britain; (2) what are the causes which have retarded the expansion of traffic upon the Irish lines; (3) how the efficient working of Irish railways can be secured. The commission consists of Mr. W. M. Acworth, the Right Honourable W. J. Pirrie, Sir Herbert Jekyll, Mr. Thomas Sexton, and Mr. John A. Aspinall. The chairman is Sir Charles Scotter, chairman of the London and South Western Railway.

THE same country is also the subject of a royal commission on congestion. The commission is to inquire into (1) the working of the Congested Districts Board and the Land Commission, and the relation of the Board with the Land Commission and the Department of Agriculture and Technical Instruction; (2) whether any new areas require to be dealt with as congested; (3) what lands are most conveniently situated for the relief of congestion; and (4) what changes in law or administration are needed for dealing with the problem and for facilitating migration from congested areas to other lands. The Earl of Dudley is chairman, and the commission includes Sir Antony MacDonnell, Sir John Colomb, and the Bishop of Raphoe. Mr. Walter Callan is the secretary.

THE anxiety of many employers over the census of production found expression in a deputation from a large number of employers' associations which waited on Mr. Lloyd George on July

23rd. The deputation expressed their apprehension that the requirements of the proposed census would involve them in expense and in the risk of exposing trade secrets. They suggested that it should be modified so as to be of a voluntary instead of a compulsory nature. Mr. Lloyd George reminded them that much more elaborate particulars were required from employers in the United States without involving them in any obvious disadvantage. He explained that when the Bill was passed he would appoint a committee consisting of the representatives of the leading industries to set out such heads of information as could with propriety be obtained without revealing trade secrets. He added that the utmost care would be taken to guard the secrecy of the particulars obtained.

AN exhibition of sweated home industries, organised by the *Daily News*, was held in the Queen's Hall, London, during May and June. The idea was suggested by the Berlin exhibition of articles made by home workers. The *Daily News*, however, went further, and displayed the actual workers, forty-four men and women, in the process of making the goods. The labels attached to the stalls omitted many essential details as to hours of work and rates of payment, but this deficiency was in many cases made up by the catalogue. The catalogue, indeed, forms a real addition to our knowledge of the subject, and contains valuable essays on particular industries from Miss Clementina Black, Miss Lily Montagu, Miss Gertrude Tuckwell, and many others. It is to be obtained from the *Daily News* office. One immediate outcome of the exhibition has been the formation of an Anti-Sweating League, to which we shall refer again when its policy is more matured.

ANOTHER exhibition dealing with a social question is the Country in Town Exhibition opened on July 25th at the Whitechapel Art Gallery. Its object is to bring something of the atmosphere of the country into the lives of the people of East London by showing how children may acquire a love of nature through their school lessons, and how the influence thus imparted may react upon the homes of their parents. It shows what plants can be grown in a London atmosphere, and, from plans prepared by Mr. Imre Kiralfy, how the streets of Whitechapel may be improved by planting trees more extensively.

WE have before us a pamphlet showing the manner in which the Ecclesiastical Commissioners have dealt with some areas occupied by working people on the estates which have come under the control of the Commissioners on the expiration of long leases. Recognising the obligation imposed on them by the possession of such land, the Commissioners have offered their leases, not to capitalists or speculative builders, but to individuals or bodies of persons working on philanthropic lines. In 1884-5 and subsequently they let sites of dwellings at not more than two-thirds of their market value. They also expended large sums in erecting on their London estates workmen's cottages and tenement houses, leaving it to Miss Octavia Hill and other experts to deal with this kind of property. The average return to the Commissioners in respect of such buildings amounts at present—while the buildings are new and the cost of repairs slight—to about 4 per cent. per annum on the expenditure. A large extension of housing schemes took place in 1903, when a lease of twenty-two acres in Walworth, granted by the Dean and Chapter of Canterbury in 1804, expired. The Commissioners expended £200,000 in building cottages, cottage flats, and three-roomed stories. A table is given showing the weekly rents for different types of buildings, *e.g.*, 10s. 6d. or 11s. for a five-roomed cottage, 4s. 4d. or 4s. 8d. for a two-roomed tenement. To these weekly rents are to be added the weekly rates, forming a total which we may summarise as amounting to from 2s. 6d. to 3s. per room. All the public-houses on the estate have been closed. Miss Octavia Hill, writing in December, 1905, gives a pleasing picture of the improvements which have been effected since 1903. "Those who know what a country landlord can do in a village will realise the influence of wise government on such an area. . . . The work of the owners may be fitly summed up in Carlyle's words as an attempt 'to make some work of God's creation a little fruitfuller, better, more worthy of God.'"

THE manifesto on Colonial preference issued at the end of June to the electors of Australia by the Cobden Club has brought forth a counter manifesto from the Compatriots Club. The Cobden Club manifesto, signed by 274 members of the House of Commons, points out that the verdict of the General Election was against the proposal "by a majority more decisive and overwhelming than has ever before been recorded in our history as a people." It asserts that this verdict was due to the fact that the proposed

fiscal changes would make food scarcer and dearer, and that there is no offer within the power of Australia to make that could compensate us for a tax upon our food. It concludes by urging the Australian electors, "for the sake of that good will between you and us which we hope will become constantly stronger and more binding," not to encourage those who propose to tax food. The Compatriots Club replies by denying that food will be dearer, and points out that "the food of our people is already enormously taxed in this country by the Parliament of which the signatories of the appeal are members." In concluding, it states that if the question were a purely local one, it might be disposed to agree with the appeal, but that the problem is an Imperial one. The Cobden Club manifesto is printed among the political notes in *The Times* of June 25th, the rejoinder in *The Times* of July 16th.

At a meeting of the Council of the Birmingham University held on July 4th, 1906, Mr. A. W. Kirkaldy, M.A., B.Litt., the present Lecturer in Commerce, was appointed to the Professorship of Finance. This is the first time that an independent professorship of that subject has been created in any British University. The subject, as understood at the University of Birmingham, will include what is generally known as Public Finance (the finance of Government and of public authorities), together with the operations of banking, of the Stock Exchange, and of the money market, and also the financial aspects of commercial undertakings in general. Before entering upon his academic studies at Oxford and Paris, Mr. Kirkaldy had considerable practical experience as partner in a London firm.

THE degree of Bachelor of Commerce is another useful novelty introduced by the University of Birmingham. At the Degree Congregation of that University in June, 1905, four gentlemen were admitted to the degree of Bachelor of Commerce after a regular three-years' course of study. Five have been admitted to the same degree at the like ceremony this year.

MR. H. B. LEES SMITH, the Vice-Principal of Ruskin College, Oxford, has been appointed Lecturer in Public Administration at the London School of Economics, and Lecturer in Political Economy at University College, Bristol.

At a conference held in Baltimore for the purpose of discussing the wisdom of forming a national association of sociologists designed to perform for sociology services similar to those rendered political economy by the American Economic Association, about forty specialists in sociology decided to form such an association at once and to invite all persons interested in the scientific and philosophical study of society to become members. Among those who attended the conference, as well as among the sixty other sociologists who expressed their views by letter, there was an almost unanimous opinion that regular annual meetings of those interested in the promotion of sociological studies would advance the science and benefit those who are devoting themselves to it. The American Sociological Society is to form an independent organisation. Prof. Carver, of Harvard University, was among the few who questioned the desirability, for the present at least, of a separate organisation. Dr. Lester Ward has been appointed President. Prof. Giddings, in moving a resolution to this effect, said: "All sociologists are under a heavy debt of gratitude to him, and their indebtedness to Ward is at least as great as to August Comte and Herbert Spencer." Prof. Giddings is a Vice-President, also Professor William G. Sumner, the well-known champion of Free Trade. Prof. C. W. A. Veditz, of the George Washington University, Washington, D.C., is the secretary. The subscription is three dollars a year, or fifty dollars for life membership. Each member will receive a copy of the current publications of the society.

At the meeting of the British Association in York this summer the proceedings of the Economic and Statistical Section were signalised by a presidential address of a more purely statistical character than has been usual since the scope of the section was enlarged by the addition of economics to statistics in 1856. Lord Stanley (afterwards Lord Derby), who was president of the section in that year, did indeed give an address which might be described as purely statistical. But he explained that it had been prepared before the change in the constitution of the section. Nor could the address of 1856, like that of 1906, be described as pure in the sense of theoretical. "I will not lead you," said Lord Stanley, "into these strange and startling conclusions to which Quetelet has come when comparing some of the averages . . . and representing them in mathematical form." But Mr. Bowley did lead his audience to those and even more wonderful

conclusions. Quetelet, who took part in founding the Statistical Section of the British Association, would have regarded as peculiarly worthy of that institution a paper in which the higher theory of probabilities is, as it were, brought down to earth and employed in the service of man. Such is the character of that method of sampling by which, in cases where complete statistics are difficult of attainment—with respect to the unemployed and the underfed, for example—Mr. Bowley proposes to gather from parts of the whole field a conclusion which, within safe limits of error, may be applicable to the whole. He hopes to facilitate the movement of labour into those employments in which there is most demand for its services. “How many men are wanted, and how many in fact are present in a trade,” is to be ascertained by “careful inquiry, applying the mathematical methods of sampling, averaging, and grading.” In virtue of these economic applications, the paper might suitably have been printed in our JOURNAL. But we recognise that the *Journal of the Royal Statistical Society* has the prior claim to be the treasury of this valuable contribution to the science of statistics.

RECENT PERIODICALS AND NEW BOOKS.

The Economic Review.

JULY, 1906. *The Community as Founder.* H. W. BLUNT. A compromise is proposed between wasteful collectivism and "the freedom of contract which results in the spoliation and practical bondage of the many." *Railway Economics and the Free Trade Principle.* W. W. CARLILE. *Friendly Societies.* MISS C. F. YONGE. *Alcoholism.* E. POWELL. *The Clergy and Agriculture.* REV. L. PHILLIPS. In the notes, Mr. Pigou defends himself against the imputation of circular reasoning brought against him by Mr. L. L. Price, and Mr. Price rejoins.

Journal of the Royal Statistical Society.

JUNE. *Statistics of Population and Pauperism in England and Wales, 1861-1901.* C. S. LOCH. The movement of the people from the country districts to the towns has tended, by bettering economic conditions, to a large reduction of pauperism. *Dealings in Futures on the Cotton Market.* PROF. S. J. CHAPMAN and DOUGLAS KNOOP. Methods of great logical and statistical interest being applied, it does not appear that prices would be steadier if futures were disused. *The Development of Agriculture in Denmark.* R. J. THOMPSON.

The Nineteenth Century.

AUGUST. *Malaise of the Money Market.* J. W. CROSS. Excess of imports and insufficiency of reserve explain the malaise. *The Paris National Workshops of 1848.* KARL BLOND. Not a Socialist experiment.

The Independent Review.

JUNE, 1906. *Conciliation and Arbitration.* I. H. MITCHELL, Secretary, Federation of Trade Unions. The former of the two methods is advocated for this country.

The Quarterly Journal of Economics (Boston).

MAY. *The Influence of the Crops upon Business in America.* A. PIATT ANDREW. *The German Steel Institute.* FRANCIS

WALKER. *The Investments of Harvard College: an Episode in the Finances of the Revolution.* A. M. DAVIS. *The Musicians of St. Louis and New York.* J. R. COMMONS. *The Collateral Trust Mortgage in Railway Finance.* T. W. MITCHELL. *The Swiss National Bank.* J. LANDMANN.

Political Science Quarterly (Boston).

JUNE, 1906. *Ocean Freight Rates.* J. RUSSELL SMITH. *The Legal Position of German Workmen.* W. HARBUTT DAWSON.

The Journal of Political Economy (Chicago).

JUNE, 1906. *The Demand and Supply Concepts.* ROBERT H. HOXIE. "A technical discussion of the problem of market-price determination." *The Disastrous Results in Italy of State Railway Building.* HUGO R. MEYER. *Subsidising Merchant Marines.* FRANK L. McVEY.

The May number of the *Academy* is devoted to the improvement of labour conditions in the United States. Judgments on the settlement of industrial conflicts and other vital questions are expressed by secretaries of Unions and other good authorities, e.g., the secretary of the Employing Lithographers' National League advocates the method of Joint Commission or mutual government, founded on the principle of the golden rule, regarded not sentimentally, but as a business proposition.

The July number of the *Academy* deals with "The Business Professions." Accountancy, Journalism, Life Insurance, College men in business, are the subjects of separate articles.

Journal des Économistes (Paris).

JULY. *Le Collectivisme futur et le Socialisme présent.* YVES GUYOT. *Le Mont-de-Piété de Paris.* E. LETOURNEUR.

JUNE. *Complexité des phénomènes Economiques.* M. SCHELLE.

AUGUST. *La banque des Fugger et les papes de la renaissance.* E. CASTELOT. *La législation sur les Compagnies pour actions.* A. RAFFALOVICH. *La reprise par l'état des chemins de fer Italiens.* D. BELLET.

Revue d'Économie Politique (Paris).

JUNE, 1906. *Le caractère religieux du Socialisme.* E. DOLLÉANS. *La dernière évolution doctrinale du Socialisme—Le Socialisme Juridique.* J. HITIER. *Sur deux sens du mot capital.* E. CHATELAIN.

JULY. *Introduction à l'Histoire des doctrines économiques.* C. TURGEON. *Le mercantilisme libéral à la fin du XVII^e. Siècle.* A. SCHATZ et R. CAILLEMER.

In *L'Economiste Français*, July 14th, M. de Foville, referring to his article of April 28th "Un arrêt possible dans le développement de la richesse française," restates the estimate of French capital based on the amount of annual successions and donations. The Socialist, M. Jaures, exaggerates by 100 per cent. the number of those who have no capital.

Revue Économique Internationale (Brussels).

JULY, 1906. *Le travail des enfants aux États-Unis d'Amérique.* The condition of factory children, though unsatisfactory, is not desperate. *Les forêts de France.* M. LAIR.

Jahrbücher für Nationalökonomie (Jena).

MAY, 1906. *Zur Handelsbilanz des Niederländischen Ostindien.* G. K. ANTON. *Treuhandgesellschaften und ihre Funktionen.* R. ROSENDORFF.

JUNE. *Ländlicher Grundbesitz von Stadtbürgern im Mittelalter.* G. CARO. *Glossen zur Theorie der Abhängigkeit der Preise von den Produktionskosten.* BÉLA FÖLDES. The received law cannot be admitted without serious reservations. *Die Bevölkerungsverhältnisse in Ostindien.* O. MOST.

JULY. *Das Agrarrecht der Kanalinseln.* A. HESSE. *Die Fleishteuerung in Deutschland im Jahre, 1905, und ihre Ursachen.* E. GRÜNFELD.

Zeitschrift für die Gesamte Staatswissenschaft (Tübingen).

HEFT. 3, 1906. *War Aristoteles Malthusianer?* PROF. DR. L. VON BORTKIEWICZ.

Jahrbuch für Gesetzgebung (Leipsic).

Heft 2 has a remarkable criticism of F. Knapp's *New Theory of Money* (reviewed in the ECONOMIC JOURNAL) by PROF. W. LOTZ. The truly original part of the theory is divested of the peculiar phraseology—some eighty new coinages of words. There is also a notice of Diehl's *Erläuterungen* on Ricardo's *Principles*, by PROF. W. HASBACH. Heft 3 is enriched by another valuable criticism: *Der Kardinalfehler der Böhm-Bawerschen Zinstheorie*, by PROF. L. VON BORTKIEWICZ.

Archiv für Sozialwissenschaft (Tübingen).

MAY, 1906. *Über städtische Bodenrente und Bodenspekulation.* I. PROF. CARL. J. FUCHS. The views of Prof. Andreas Voigt and others are criticised.

JULY. *Wertrechnung und Preisrechnung in Marxschen System.* PROF. L. VON BORTKIEWICZ. A learned study in Marxian criticism.

The Swedish *Ekonomisk Tidskrift* continues to devote no little attention to problems of taxation, especially the arrangements of the

Swedish income-tax. An interesting article by Mr. Nils Wohlin towards the end of last year dealt with the progress of joint-stock companies in Sweden from 1894 to 1904. Early in the current year Mr. G. Cassell discussed the adjustment of the reward of labour to its intensity in a careful article, and another noteworthy article dealt with four essays on "Crises and Hard Times," which appear to be the essays submitted in the competition for the Professorship at Copenhagen, to which Dr. Einarsen was appointed, in the place of Prof. Falbe Hansen, retired. An instructive comparison of four points of view is made.

Giornale degli Economisti (Rome).

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THE ECONOMIC JOURNAL

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THE "BEEF TRUST" AND THE UNITED STATES GOVERNMENT.

THE relations of the American meat industry and the Government of the United States have been of a peculiar and interesting character in recent years, and this, as well as the fact of the importance of this business in the markets of the world, makes appropriate a statement of the various phases of the situation.

The packers have been subjected to the scrutiny of the Governmental authorities, on the one hand upon charges of illegal combination and monopolistic control of prices, and on the other hand on charges of the unsanitary conditions in which they conducted their business. These two occurrences, although they had no direct or logical connection with each other, had probably some slight historical relation. The general feeling of hostility on the part of the public against these great organisations was based on the belief that the cattle producer and the cattle consumer were being exploited by the "packers" through monopolistic combination; that through the same monopolistic power they oppressed the packing-house workman, and imposed on the public products which, even if not themselves unwholesome, were produced under such unsanitary conditions that the health of the consumer was at least endangered. This subject possesses unity, therefore, only as it presents the successive phases of this conflict between Government and private industry.

THE MEAT INDUSTRY AND THE "BEEF TRUST."—The group of butchers and "packers" with whom the present article has to deal chiefly are popularly known in the United States as the

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"Beef Trust." The Beef Trust comprises a few large concerns, engaged in slaughtering and packing beef, pork, mutton, and other food products, whose aggregate output comprises a very large proportion of the total output of the United States, and nearly all of the business which requires shipment to distant (interstate or foreign) markets. The Trust, so-called, is often referred to as the "Big Six," or the "Big Four," according to the number of concerns under consideration. Their plants are located chiefly at central slaughtering points in the middle West.

This concentration of slaughtering in a few large cities is the result of various large economic movements. The occupation of the original prairie lands of the central Mississippi valley by farmers has driven the range business to the far West and south-west, where the lands are suitable for grazing, but seldom arable. These are the great breeding grounds for beef cattle, sheep, and also, to some extent, for hogs. The middle West, on the other hand, is the great grain and hay producing region, particularly maize, or Indian corn, which is the most important feed for fattening cattle and hogs for the market. In the far West and south-west most of the cattle are sent to corn States where they are put into the feed-lots for some months before shipment to market. These are the "Western" and "Texan" cattle which are distinguished from the "Native" cattle, which are bred in the corn States. Conveniently situated to this great corn belt are the several great cattle markets of the West, especially Chicago, Kansas City, St. Louis, Omaha, and St. Joseph. The stockman who has fattened his stock ships them by carload to these markets, where they are generally sold and purchased in a market, which, at least in form and in theory, is an open one. The cattle are generally sold by commission houses to which they have been consigned, and almost all of them are bought by the slaughtering establishments at those points. Some of the cattle, however, are bought for export on the hoof by other parties. The fact that there is a very great number of sellers and a small number of buyers, chiefly the buyers of the "Big Six," gives to the second group a decided advantage in determining prices, which, in case any collusion or agreement existed among them, would assume a decidedly monopolistic form. This, indeed, is often the theory of the stockmen, many of whom claim that there is a ring among the buyers, and that this ring manipulates the cattle prices, which, therefore, do not move in accordance with the natural relations of supply and demand.

On the other side, the packers are dealers in finished food

products—fresh, salt, pickled, and canned meats, &c. This trade is highly organised. The butchering and packing of meat comprises, however, only a small part of the activity of these great concerns—they are also engaged directly in the distribution of products. For this purpose, concerns like Swift and Company, and Armour and Company have their branch wholesale establishments in all parts of the United States, and often subsidiary corporations both at home and abroad. They also operate a vast number of so-called "private cars," which carry their products all over the United States.

This extension of their trade beyond the original manufacturing process is characteristic of several highly organised manufacturing industries at the present day (*e.g.*, petroleum), and finds its reason for existence partly in technical and partly in commercial advantages derived therefrom. The transportation of fresh meat, for example, must be conducted by means of refrigerated cars, which necessitate frequent installations for icing purposes, &c.; the sale of fresh meat, on account of its perishable character, can be most profitably conducted when there is a close correspondence maintained between the demand and supply in each local market, accompanied by prompt co-operation on the part of the transport agencies. This can be most securely established where the means of transport are at the disposal of the seller, and where he is kept in close touch with the local trade. The commercial advantage of such an organisation to the party introducing it is obvious, and such an organisation is almost necessary where there is competition, and it has been introduced by any one of the competitors. The system of selling the products directly in the local markets of consumption enables the packer to distribute his products more evenly and securely than if he sold it to middlemen who might switch their whole trade on any day. The local retail dealers could never put a packer in such a position so far as his whole business is concerned. Further, it brings them into the local market as sellers in much more advantageous position, because the buyers (*i.e.*, the retailers) are necessarily much more numerous, and are consequently in a large measure obliged to pay what the packers dictate. If the supply of fresh meat from local butchers is small, and there is only one packer represented in a given locality, his power to fix prices becomes almost complete; if several great packers are established in such a market, and act in harmony, the same monopoly power appears. That such a condition of affairs is widely prevalent, is firmly believed by a large body of the consumers.

Hence, the stockman and the public—*i.e.*, the original producer and the final consumer—unite in denouncing the packers and their alleged monopoly. These attacks, in terms at least, have been directed more particularly against the beef trade, and hence this alleged combination is generally described as the “Beef Trust.”

The “Beef Trust” is sometimes considered as combining four great concerns and sometimes six, depending chiefly on their importance and the degree of their supposed intimacy. The concerns in the “Big Four” are as follows:—First, Armour and Company, an exclusively family affair, with a capital stock of \$20,000,000, and an affiliated corporation, the Armour Packing Company, with a capital of \$7,500,000. These concerns in 1904 controlled great plants in Chicago, Kansas City, South Omaha, East St. Louis, and Fort Worth (Texas), and slaughtered (1903) 1,255,366 beef cattle, 3,451,892 hogs, and 1,496,984 sheep. Second, Swift and Company, a company having a capital stock of \$35,000,000, which is controlled by the Swift family, although there is a large outside interest. This Company in 1904 operated large plants in Chicago, Kansas City, South Omaha, East St. Louis, South St. Joseph (Missouri), Fort Worth, and South St. Paul, and slaughtered (1903) 1,578,215 beef cattle, 4,079,756 hogs, and 2,334,261 sheep. Third, Morris and Company, another exclusively family affair, with a capital stock of \$3,000,000, together with an affiliated concern called the Fairbank Canning Company, having a capital of \$3,000,000. This Company in 1904 operated plants in Chicago, East St. Louis, and South St. Joseph, and slaughtered (1903) 761,179 beef cattle, 1,247,393 hogs, and 739,237 sheep. Fourth, the National Packing Company, with a capital stock of \$15,000,000, a merger of several smaller plants of which control had previously been secured by the above-mentioned Companies. This Company operated in 1904 a number of plants, mostly small, in Chicago, Kansas City, St. Louis, Omaha, Hutchinson (Kansas), and New York, and slaughtered (1903) 848,884 beef cattle, 3,101,425 hogs, and 736,434 sheep. The “Big Six” includes two additional concerns which are unquestionably less closely related in their business operations than the “Big Four.” They are as follows. First, Schwarzschild and Sulzberger Company, with a capital stock of \$4,373,400. This Company in 1904 operated plants in Chicago, Kansas City, and New York, and slaughtered (1903) 559,200 beef cattle, 623,598 hogs, and 494,642 sheep. Second, the Cudahy Packing Company, a family affair, with a capital stock of \$7,500,000. This Company in 1904 oper-

ated plants in South Omaha, Kansas City, Sioux City (Iowa), and Los Angeles (California), and slaughtered (1903) 469,228 beef cattle, 1,347,675 hogs, and 364,200 sheep.¹

The members of the Big Six are not confined in their operations to the slaughtering and packing business exclusively; most of them do an extensive business in dairy products and in eggs and poultry, and in some cases, also, in fruits. The relative importance of these concerns to the beef industry may be more conveniently considered when we come to the results of the investigation of the Bureau of Corporations.

THE BUREAU OF CORPORATIONS AND THE "BEEF TRUST."—Previous to the year 1904 there had been frequent complaints of the advance of the price of beef, and the "Beef Trust" was generally held responsible for the situation. In the first half of the year 1902 the price of cattle reached an extraordinarily high level, but declined greatly in the second half of the year, and this decline continued during the following year, so that in the last half of 1903 prices reached an extraordinarily low level. These facts, taken with the general belief that the prices of beef were abnormally high, caused great discontent, and developed a very lively agitation among the stockmen. Consequently, Mr. E. W. Martin, a Representative from South Dakota, introduced a resolution in the House (voted on March 7th, 1904), to the following effect:—

Resolved, That the Secretary of Commerce and Labor be, and he is hereby, requested to investigate the causes of the low prices of beef cattle in the United States since July first, nineteen hundred and three, and the unusually large margins between the prices of beef cattle and the selling prices of fresh beef, and whether the said conditions have resulted in whole or in part from any contract, combination, in the form of trust or otherwise, or conspiracy, in restraint of commerce among the several States and Territories or with foreign countries; also whether the said prices have been controlled in whole or in part by any corporation, joint stock company, or corporate combination engaged in commerce among the several States or with foreign nations; and if so, to investigate the organisation, capitalisation, profits, conduct, and management of the business of such corporations, companies, and corporate combinations, and to make early report of his findings according to law.

In conformity with this resolution, the Bureau of Corporations, which is one of the divisions of the Department of Commerce and

¹ *The Beef Industry*, pp. xix and xx.

Labour, undertook the investigation of the beef industry early in March, 1904.

The Bureau of Corporations, which is a recently established organ of administration, requires more particular description at this point because it is intended to exploit a new field of Governmental activity. This Bureau was established by Act of Congress on February 14th, 1903. This law provided for an officer entitled the Commissioner of Corporations, together with other officers, staff, and employees. The essential part of the Act which indicates the purpose of Congress is as follows :—

The said Commissioner shall have power and authority to make, under the direction and control of the Secretary of Commerce and Labor, diligent investigation into the organisation, conduct, and management of the business of any corporation, joint stock company or corporate combination engaged in commerce among the several States and with foreign nations excepting common carriers . . . and to gather such information and data as will enable the President of the United States to make recommendations to Congress for legislation for the regulation of such commerce, and to report such data to the President from time to time as he shall require ; and the information so obtained or as much thereof as the President may direct, shall be made public.

The novelty of a Governmental organ of this character and its potential importance are obvious. The most authoritative statement of its purpose and function is found in the following excerpt from a report of the Commissioner of Corporations :—

The position of the Bureau at the time of its creation was unique. It owed its existence largely to a public feeling arising from unusual industrial developments. Public opinion thereon was vigorous, but confused and vague. In general, the tremendous concentration of industrial power, the obvious use, in many cases, of improper industrial methods of competition, and the instances of clearly unsound or fraudulent finance connected with corporations, led to the general belief that there had arisen a new industrial problem, a set of conditions not adequately met by existing laws. No solution of this problem had then received general acceptance, nor had the problem itself been clearly stated. Numerous experiments at solution had been made by way of anti-trust laws, but the admitted futility of most of these laws led only to the negative conclusion that such was not the way to treat the great industrial changes of which every one was cognisant.

Upon only one point can it be said that public opinion was fairly clear and unanimous, and that point was the desire for " publicity "—in other words, the desire for information. It was not clearly

understood to what use this information should be put, nor, indeed, what subjects it should cover; but the demand for accurate information was fundamentally sound. The policy of the Bureau has been framed in accordance with this demand. Its field may be divided into subjects relating to law on the one hand, and subjects relating to economic industrial facts on the other. It must examine and compare the statutes under which the corporations are doing business with industrial and statistical facts.¹

The direction from the House that the Bureau of Corporations should investigate the beef industry was understood as an official investigation of a "trust," and the result of its activity was awaited with keen attention, not only on account of the popular interest in the particular subject matter of the investigation, but also, because the public was curious to see what could be accomplished by the Government in that direction.

The Bureau of Corporations proceeded at once to investigate the subject. It was quite evident that so far as prices and profits were concerned the most practicable way to obtain the former, as well as the only possible way to ascertain the latter, was by getting the information from the packers. The inquiry as to whether an illegal combination or conspiracy existed among them would naturally have to be prosecuted by different methods. Important statistical information on the slaughter industry is periodically published by the Bureau of Animal Industry of the Department of Agriculture, and is found also in various other Governmental records as well as in trade papers. Valuable material is also in the possession of the railroad companies. The price statistics of the trade journals and newspapers, however, though often a very fair reflection of the market, do not have a conclusive character on account of their indeterminateness as to quantity, especially when beef prices are under consideration. It was practically necessary to obtain the material of this character from the books of the packers.

The Commissioner of Corporations, therefore, requested the packers to furnish such information from their books as was deemed necessary, and they professed themselves in general as desirous of doing so, declaring (as they had frequently declared to the public) that they were not guilty of unfair price making or of illegal combination. They did not produce all their books, and they sometimes haggled about producing certain figures, or refused to give them, while others they were willing to show to

¹ *Annual Report of the Commissioner of Corporations, for the Fiscal Year ended June 30th, 1905*, pp. 5 and 6.

the Bureau, but not for publication or transcription. Nevertheless, the Bureau obtained from them a vast amount of statistical material concerning the numbers and prices of cattle purchased, the amounts and prices of beef and other products sold, and the costs per head of various operations, &c., most all of which were obtained by direct transcription from their books by Government agents and in such a comprehensive and voluminous form (including books of original entry) that any intelligent person who examined the material would not question their authenticity or their representative character. The price figures, moreover, were checked by comparisons with the prices received by commission houses for the sale of identical bunches of cattle, and by the prices of identical consignments of beef at various places, in such a manner that there could be little or no doubt of their reliability. The Bureau also diligently inquired into the facts regarding the existence or non-existence of an illegal combination among the packers. The investigations went beyond the slaughter industry proper, and included a very extensive study of the stock-raising business and the retail meat trade.

As a result of this investigation, the Bureau published certain partial results in a report of the Commissioner of Corporations on the Beef Industry, March 3rd, 1905. This report, as appeared in the letter of transmittal of the President to Congress, covered that part of the inquiry relating to "the prices of cattle and dressed beef, the margins between such prices, and the organisation, conduct, and profits of the corporations engaged in the beef-packing industry." The President's letter stated further—

In view of the fact that the Department of Justice is now engaged upon other matters involved in the resolution, the Secretary of Commerce and Labor cannot at this time report thereon.

This last statement referred to the omission of any discussion of the existence of an illegal combination or conspiracy in restraint of trade on account of judicial prosecutions against the packers which were pending at that time. The Act which established the Bureau gave to the President the power to order the publication of such results as he deemed fitting, and it was in accordance with this provision of the law, and at the direction of the President, that no discussion of this subject was admitted into the published report of the Bureau.

It is not desirable to enter here upon a detailed discussion of the results of the investigation of the Bureau into the movements of the prices of cattle and beef, or the profits of the "Beef

Trust," hence only a few salient points will be considered. The report made an estimate of the amount of business done by the "Beef Trust," first, in comparison with the total slaughter of beef cattle in the entire country, and, second, in comparison with the total slaughter at the eight principal western slaughter points. The former was found to be about 45 per cent., while the latter was found to be about 97.7 per cent. The report also made a very extensive comparison of the price movements of cattle and of beef. While the public information regarding cattle prices was not greatly in error, there was not much intelligent understanding about the prices which the packers received for beef. The man in the street generally thought of the price per pound of a porter-house steak. The report showed, however, in a general analysis of the prices of cattle and beef, that the actual amount obtained from the sale of the dressed carcass (deducting transport costs) was invariably less than the amount paid for the live animal—this difference, and the profit of the packer, being covered by the other products, such as hides, fats, &c. It was shown also, that, on account of the varying importance of the beef to the other products of a carcass, a margin reckoned between the pound price of cattle and the pound price of the dressed carcass was very misleading as to the real situation, on account of the great variations in the prices of hides and fat.

The Martin resolution, which was the immediate reason for the inquiry, alleged that unusually large margins existed between cattle and beef prices at the date of the resolution (March 7th, 1904). The figures of the Bureau showed that the margin for the period from July 1st, 1902, to July 1st, 1903, was \$2.02 per hundredweight, and for the succeeding year \$2.10 per hundredweight. In other words, although the prices of cattle had fallen greatly, as alleged, the prices of beef had fallen in about the same degree.¹

A more important feature of the report was the chapter on profits. The attempt was made to determine, as the House resolution requested, whether the profits on the beef industry had been unduly large during the period specified. Owing to the fact that the slaughtering concerns handled hogs and sheep, as well as beef cattle, this question could not be satisfactorily answered by an examination of the general financial accounts of the Company. The attempt was made, therefore, to separate the beef trade and reckon the profit per head of beef cattle, taking into account the live cost, the cost of slaughter, the value of the beef,

¹ *The Beef Industry*, p. 268.

and the value of the hides, fats and numerous other by-products. This calculation was made with great nicety on the basis of a large proportion of the total business of the great packers. For a number of plants of different concerns in various cities aggregate figures were shown of weight and price of live cattle, the weight and price of the beef sold from these same cattle, together with the proceeds from the hides and offal. The basis for cattle and beef being considerably different from that taken in the general analysis of the prices of cattle and beef, the results were not quite alike, but the general character of the results was the same. The remarkable feature about this analysis was the proof of the fact that the slaughter houses worked on a small margin per head. This may be illustrated by the computations given in the report for the year ending June 30th, 1904. The figures relate to 2,013,658 beef cattle. The average live weight was 1,115 pounds, the average cost was \$4.15 per hundredweight, or \$46.23 per head, and the total cost, including the cost of killing, was \$48.19. The average dressed weight of the beef carcass was 629 pounds, the average selling price (deducting transportation) was \$6.25 per hundredweight, or \$39.26 per beef carcass; the average value of the by-products was \$9.75 per beef carcass; the total proceeds were \$49.01 per beef carcass. This showed a profit of \$.82 per head, or \$.135 per hundredweight of dressed beef.¹ The computations of the Bureau were checked by the bookkeeping records of the packers, which showed a true average profit of 99 cents per head, or 17 cents higher than that computed by the Bureau.² These bookkeeping records of the packers were accepted by the Bureau as more accurate.

This profit of 99 cents per head seems very small, but, when the vast numbers of cattle are considered, it is not small. It would give for the total number of 2,013,658 beef cattle covered by these accounts a total profit of \$1,993,521, and for the 6,836,733 beef cattle slaughtered by these same concerns, in 1903, taking all their plants together, it would give \$6,768,366. This is a large profit, and it covers only the beef cattle business of the packers. If their hogs and sheep were also taken into account, it would be very much larger. The total profits of these concerns are not limited, however, to the slaughter industry. They make very large profits also in their private cars, as well as in the trade in other commodities which they handle, such as fruit and dairy products.

The report of the Bureau pointed out that the computation of

¹ *The Beef Industry*, p. xxx.

² *The Beef Industry*, p. xxxii.

profit might be considered to underestimate the profits of the beef business in two ways; first, in not getting the profits of the subsidiary manufacturing processes so far as they applied to the beef business; second, in not getting the profits of the private car lines so far as they handled the beef products. Both of these, however, were considered to be beyond the proper scope of the inquiry. The report made some estimates of these elements, and concluded as follows:—

It follows that in addition to the profit on cattle shown by the books of the packers, about \$1 per head, there may be an additional profit, more or less connected with the beef business, not to exceed at the outside 50 cents per head.¹

Although the report of the Bureau did not present in detail the general financial operations of the concerns investigated, most of which are close corporations, it made the following comparison of its conclusions with the published reports of one of them—Swift and Company:—

It appears, however, from examination of the accounts of Swift & Co. that the profit on beef bears about the same proportion to the total profit as the amount of the sales of beef bears to the total sales of the company. If it then be assumed that the plant investment required for the beef business is proportional to the amount of sales, it would appear that the profit on capital invested in the beef branch is approximately the same as in the business as a whole. Should this assumption be correct, the profits of Swift & Co. on their beef business would be in the neighbourhood of 12 per cent. upon that proportion of their capital stock which is assignable to the beef industry. If, as appears probable, there is no overcapitalisation in the case of this company, the rate of profit on the true investment in the beef business would be approximately the same. In this connection it is of interest to note that the total sales of Swift & Co. for the year 1904 were approximately \$200,000,000, and the total profits \$3,850,000, equal to about 1·9 per cent. on the volume of sales.²

The conclusion of the report on the matter of profits was, that a profit of \$1.00 per head on cattle, or of one-quarter of a cent a pound for dressed beef, though large, was not an undue profit for the packers.³ The Bureau did not go behind the records of the packers to discover whether there was any further profit in the beef business in the way of rebates on the transportation of beef. It is evident, however, that if such rebates existed in an important

¹ *The Beef Industry*, p. xxxiv.

² *Ibid.*, p. 269,

³ *Ibid.*, pp. 268 and 269.

degree, the margin between cattle prices and beef prices, as well as the profit of the beef trade, would be considerably increased.

The report of the Bureau was received with great incredulity by a large part of the Press, and by a majority of the people. The glamour of the "Beef Trust," which exercises a great power throughout the West, was so great that authentic figures were of little avail to dispel the belief that the profits of the packers were of a phenomenal size. The critics of the report not only refused to accept the computations of the Bureau, but proceeded to make crude estimates and wild guesses of what the profits were.¹ The more moderate ones guessed about \$3.06² profit per carcass, but the wilder guesses ranged up to \$15.00 on by-products alone!³ The *New York Evening Post* ridiculed the idea that the packers made only 2 per cent. profits,⁴ and this was a favourite subject of derision. The Beef Report really said, however, that the packers reported about 2 per cent. profit on their sales. It can be safely asserted that it was never imagined by the Commissioner of Corporations that a profit on sales would be mistaken for a profit on capital, especially as in the body of the report the published profits of one of the large packers, amounting to a very substantial figure, were discussed in some detail. The man in the street, who was a little brighter than the rest, however, pointed out that a profit of 2 per cent. on sales was very likely a handsome profit, and, armed with this discovery, returned to attack the report for failing to see this.⁵

Criticism of this order revealed the slender basis of the critics' information or intelligence. Some competent and disinterested parties acquainted with the business were satisfied with the correctness of the report. No critic, however, was in a position to disprove the general correctness of the result, much less to make more accurate calculations, because nobody, unless he had access to the figures of the packers, could by any possibility have the necessary data. It is only fair to say that a good deal of the

¹ One of the most ambitious efforts was that of Cuthbert Powell, in the *Kansas City Journal* (May 13th, 1905), which gave the total profit per head at \$7.41. J. J. Ryan, Secretary of the Corn Belt Meat Producers' Association, figured it out at about \$8.00 (*Sioux City Tribune*, April 1st, 1905).

² *New York American*, March 5th, 1905.

³ *Butler (Mo.) Times*, April 20th, 1905.

⁴ *New York Evening Post*, March 4th, 1905.

⁵ Cf. the *N. Y. Evening Post*, March 4th, 1905, where a correspondent assumes a turnover every two (!) weeks—"at 2 per cent. on 'their total sales' they may eke out a paltry 52 per cent. per annum upon their capital" (*sic*). Cuthbert Powell puts it at 48 per cent. profit on \$110,500,000 of capital (*Kansas City Journal*, March 13th, 1905).

criticism was based on the widely-published summary of the report, and this, partly on account of its necessary brevity, and partly because some statements were not explained and safeguarded as fully as they might have been, was more easily open to misconstruction.

In this respect, and probably in certain others, it was unfortunate also that the investigations of the Bureau were published in such a fragmentary form. As has been explained above, the fact that certain judicial prosecutions were under way made it seem desirable to the President to withhold the publication of any discussion concerning the existence of a combination, in order that the Bureau should not impede the operations of the Department of Justice. On the other hand, the absence of any thorough investigation of the transportation problem, particularly the questions of private car lines and of the rates of transportation, with all their interesting possibilities, was to be regretted. At the time the report was made, the question of the jurisdiction of the Federal Government over private car lines was under litigation, so that it would have been improper to assume such jurisdiction. Moreover, the proper boundaries between the activities of the Bureau of Corporations and the Interstate Commerce Commission were not so well understood as at the present time. The investigation of these subjects was omitted for these reasons.

JUDICIAL PROSECUTION.—As stated above, the report of the Bureau of Corporations did not report on the question of the existence of a combination among the packers, because this question was at that time before the courts. The "Anti-Trust Act" of 1890 forbids any combination or conspiracy in restraint of trade under heavy penalties, irrespective of the question whether the combination is noxious or harmless from an economic standpoint. It was not proper that the executive branch of the Government should publish its conclusions, when it was a matter of criminal law which it is the duty of the courts to decide in the last resort, and which they had in this case already taken under consideration. It is not necessary to relate in detail the whole history of these proceedings, but certain results flowed from them which were of great importance to the Government, not only in respect to the "Beef Trust" in particular, but also in respect to legal action by the Government against any trust.

In May, 1902, a petition was filed in the Circuit Court of the United States in Chicago under the "Anti-Trust Act" of 1890, wherein it was alleged that seven corporations, one co-partnership,

and twenty-three individuals had entered into a combination and conspired to suppress competition in the purchase of live stock and in the sale of beef, and to monopolise the trade by procuring rebates from the railroad companies on the shipment of fresh meat. The Supreme Court of the United States in January, 1905, issued a decree forbidding any such combination, and this decree was made perpetual. It was claimed by the Government that the packers were, nevertheless, continuing to conduct their business in the manner forbidden by the court. Hence, on March 20th, 1905, a grand jury in Chicago brought an indictment for violation of the "Anti-Trust Act" against most of the parties already defendants in the case. The defendants in this new issue objected to the indictment on various grounds, and, finally, on October 23rd, 1905, on the ground that they had received immunity from such criminal persecution through the fact that they had furnished information to the Bureau of Corporations. This plea became the immediate question for the determination of the court, the trial of the charge that the packers had violated the "Anti-Trust Act," being dependent upon the decision on this matter.

It is important to consider the nature of this right which they claimed. The Constitution of the United States contains in the so-called "Bill of Rights," certain provisions which are intended to protect the individual from the abuse of Governmental power. One of these (fifth Amendment) contains the following provision, namely, "No person . . . shall be compelled in any criminal case to be a witness against himself." This rule of the common law, thus embodied in the Federal Constitution (and generally in the state constitutions also), is, like some other privileges under the common law, a frequent means of defeating the ends of justice, but such inconvenience is submitted to in the opinion that on the whole it works beneficently. It has been found, however, that in certain kinds of cases the advantage of thus protecting the individual is greatly outweighed by the disadvantage imposed on the community by this privilege of the individual to keep silence. Such cases arise, for example, in connection with unlawful discriminations in transportation. Abuses of great public moment of this sort should not be permitted to go uncorrected by the refusal of parties having knowledge of the facts to testify. A constitutional provision, however, cannot be disregarded, so that Congress, in connection with the law concerning "interstate commerce," provided for a means of obtaining evidence in such cases by requiring the witness to testify, even where

he incriminated himself, by giving him as an equivalent immunity from prosecution in respect to any matter in which he might give such testimony. The first legislative effort of Congress to provide a substitute for the constitutional privilege¹ was declared by the courts to be inadequate, *i.e.*, the courts declared the law was unconstitutional, because it abolished a constitutional privilege without giving the witness an equivalent.² The second attempt of Congress in this direction,³ however, was accepted by the courts as a satisfactory substitute.⁴ This power of the Interstate Commerce Commission to take evidence is established by the law in the following terms :—

That no person shall be excused from attending and testifying or from producing books, papers, tariffs, contracts, agreements, and documents before the Interstate Commerce Commission, or in obedience to the subpoena of the Commission . . . on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him, may tend to criminate him or subject him to a penalty or forfeiture. But no person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter or thing, concerning which he may testify, or produce evidence, documentary or otherwise, before said Commission, or in obedience to its subpoena, . . . or in any such case or proceeding: *Provided*, That no person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

When the law establishing the Bureau of Corporations was framed, a provision was inserted giving to the Commissioner of Corporations the same power of getting information and taking testimony concerning matters within his jurisdiction as was given to the Interstate Commerce Commissioners in respect to theirs, and giving to those who testified the same immunities.⁵

The question before the court, therefore, was this: Had the Commissioner of Corporations, acting in conformity with the House resolution directing him to investigate the "Beef Trust," and in pursuance of his duties as prescribed by law, given to the packers the immunity from criminal prosecution, in respect to the charges upon which they were held, which was contemplated in the foregoing provisions of the law? This matter was not only

¹ Act of February 4th, 1887, as amended March 2nd, 1889, and February 10th, 1891.

² Counselman Case, 142 U. S., p. 547.

³ Act of February 11th, 1893.

⁴ *Brown v. Walker*, 161 U. S. 591. *Cf.* also the recent case of *Hale v. Henkel*, 201 U. S. 43.

⁵ Act of February 14th, 1903.

of great importance on account of the case immediately before the court, but also as it affected other investigations of the Bureau of Corporations, the Interstate Commerce Commission, the Department of Justice, and perhaps other agencies of the Government for collecting information of importance to Congress or for general utility.

The trial in regard to the facts on this issue of the case was a protracted one, and, although certain of the packers gave testimony in regard to the facts which was in flat contradiction to the disinterested testimony of Government officials and agents, yet, according to the judge who tried the case, there was no important contradiction, except as to whether the Commissioner of Corporations had discussed with the packers the question of taking testimony under oath. In general, the facts were that the Bureau of Corporations had obtained information from the packers almost exclusively concerning prices, costs, profits, &c., and had used them to show the relations of the prices of cattle and beef and the profits of the beef packers. There was no attempt to learn from the books of the packers any facts regarding railway rebates or other discriminations in transportation. The information was obtained without any compulsory process or the administering of oaths. The results of the investigation were (at the direction of the President) printed as a public document, and had been widely circulated by the packers. None of the data obtained from the packers had been furnished to the Department of Justice, except a table showing the total slaughterings, in which the practical constancy of the percentages of the packers indicated an agreement as to the quotas of production. This table was returned without examination, on account of the immunity plea made by the packers about the time it was furnished. None of the statements made in the report was of a character which would tend to disclose any criminal transactions.

The Government contended that the statutory immunity could be conferred only upon persons subpoenaed by the Commissioner of Corporations, and who subsequently might give testimony or evidence, in the legal sense, relating to the matter of the indictment. The defendants, on the contrary, held that any information which they furnished was necessarily furnished under the compulsion of law, although there was neither subpoena nor oath. On account of the importance of the case, the Attorney-General departed from the usual practice of his office, and appeared in person before the court to argue the Government's case. The general argument of the Government was, that the

terms of the statute which provided for immunity declared that the immunity applied to natural persons giving *testimony* under a *subpœna*, and that these were "words of art" with a definite legal meaning.¹ The Government claimed that as the packers had given the information they furnished without subpœna or oath, and not in the formal manner of testimony, and without making any claim of immunity, they were not entitled to the privilege of immunity provided by the laws. The Attorney-General ridiculed the view of the defence that any information given to the Federal Government in conformity with law on a subject-matter of investigation would practically result in giving everybody who gave it complete immunity from prosecution by the Government for any offences committed with relation to it. The Attorney-General said :—

What would be the consequences? We might suppose that the confessions and statements in obedience to the law might be made at Washington, possibly to the Interstate Commerce Commission, possibly to the Commissioner of Corporations, possibly to the Attorney-General. This is a great discovery of my learned friend, for which uncounted generations of captains of industry will thank him. Washington will become the Alsatia to which they can resort for immunity for their offences. It will be much easier, much better, instead of running away from a subpœna, to run toward the Governmental agent and serve a confession upon him. . . .

It was in this connection that the Attorney-General described this way of getting immunity as an "immunity bath."²

In spite of the ridicule of the Attorney-General, and to the astonishment of the general public, the court gave judgment in favour of the claim for immunity to the defendants as to the natural persons, but not as to the corporations.³ The essential sentences in the opinion were as follows :—

The immunity flows to the witness by action of law and without any claim upon his part.

I am of opinion that under this Act when the Commissioner of Corporations, who has power to compel, made his demand, it is the duty of the witness to obey. . . .

But it is insisted by the Government that they did not give under compulsion because they did not give what is known in law as under

¹ The law also stated that if *perjury* were committed in giving such testimony the witness was not exempt from prosecution therefor.

² Argument of the Attorney-General in *United States v. Armour & Company et al.*, &c., Washington, 1906, p. 44.

³ The *Hale* case had decided that this immunity did not apply to corporations. 201 U.S. 43.

testamentary compulsion . . . and it is argued that testamentary compulsion means compulsion furnished by the subpoena and oath

I am clearly of opinion that the best judgment to be had from all the authorities is that the subpoena is a useless and superficial thing after the parties are together.

And I am also of opinion that under any one of these three acts in question—these three immunity laws in question—the production of books and papers would be legal evidence without the oath of any person where they are adduced as showing admissions against interest and against the party producing them.¹

The effect of this decision was unfortunate in this respect, that it precluded all appeal to the Supreme Court, which, in case it had been rendered in the opposite sense, might have been made by the defendants. The packers, individually, were thus let off scot free. The indictments stand against the companies, but the policy of the Government as to their prosecution has not yet been made public.

This decision had, however, another immediate consequence of great importance. The interpretation of the immunity provision as made by Judge Humphrey in this case was not viewed with satisfaction by the public, nor by the administrative and legislative branches of the Government. Congress, therefore, promptly passed an Act defining such immunity as follows:—

That under the immunity provisions . . . immunity shall extend only to a natural person who, in obedience to a subpoena, gives testimony under oath or produces evidence, documentary or otherwise, under oath.²

INVESTIGATION OF SANITARY CONDITIONS.—The next phase in the relations of the packers to the Government was introduced to the public consciousness by means of a sensational novel. A writer named Upton Sinclair wrote a story called "The Jungle,"³ which gives the experiences of a Lithuanian family that settled in Chicago and got employment in the slaughter houses. Incidentally it gives a lurid account of the conditions of "Packingtown" and the seamy side of Chicago in general. As a novel, at least the first part, the book possesses undoubted merit, though at times rather crudely done. In the appalling picture which it draws of the conditions in Packingtown, one is reminded of Zola's

¹ Argument of the Attorney-General, &c. *cit. sup.* pp. 82-5.

² An Act defining the right of immunity, &c., June 30, 1906.

³ Doubleday and Page, 1906.

"Germinal." The book concludes with an appeal for Socialism. The part of the story which is of interest in this connection, however, is that which describes the condition of things in the packing plants. It is not necessary to quote it in detail, but it is enough to say that it describes them as being not only extremely injurious to the workers but also as entirely devoid of proper attention to sanitary methods of preparing the food. Not only are the conditions described as being generally filthy, but the accusation is made of systematic practices of utilising unhealthy cattle for food and of preparing the canned products from putrid meat and disguising the fact by artificial devices. These accusations were accompanied by such an apparent familiarity with the packing houses that, in spite of the author's very evident anti-capitalistic point of view, they tended to shock the reader and create serious suspicions as to the conditions of the packing industry. The Federal Government inspected this business to a certain extent, and the packers took great pains to advertise the fact, and often in a very misleading way, all of which was described in "The Jungle."

Although the general question of the inspection system was already under examination by the Federal Government before "The Jungle" appeared, the President directed Dr. Charles P. Neill, the Commissioner of Labour, and Mr. James B. Reynolds to make a special investigation on the spot. The report of Messrs. Neill and Reynolds, dated June 2, 1906, which was based on two and one-half weeks' observation of the conditions and methods prevailing in the industry at Chicago, resulted in a scathing condemnation of the packers.¹

Some of the more flagrant cases of unsanitary conditions reported may be briefly noticed. The floors, tables, receptacles, &c., are described as being chiefly of wood, often rotten, and generally nasty with grease and dirt. The report makes a special complaint of the condition of the water-closets, describing them as improperly constructed, often merely partitioned off from the workrooms, unprovided with toilet paper, sometimes without lavatories, and never with soap or towels. In some cases the report states that the water-closets were so inconveniently situated that the workmen sometimes did not take the trouble to leave their workrooms. The handling of the meat was also said to be uncleanly, except for that part of the work between the killing floor

¹ This report, together with the President's letter, the report of the Bureau of Animal Industry, and the testimony before the House Committee on Agriculture, may be found in "Hearings before the Committee on Agriculture on the so-called Beveridge amendment," Washington, 1906.

and the cooling rooms, which means practically the handling of fresh meat. In the boning room the workmen are said to climb over the piles of meat and to throw pieces they choose for cutting upon the floor. The clothing of these workers is said to be filthy. Meat scraps are said to be shovelled from dirty floors. The scraps were described as being sometimes "dry, leathery, and unfit to be eaten," and mixed with more or less rubbish. This stuff was used for canned goods, sausages, and the like, some of which is cooked and some not.

The report also made serious complaint of the method of labelling canned goods; the cans bore a label as follows: "The contents of this package have been inspected according to the Act of Congress of March 3, 1891. Quality guaranteed." As a matter of fact, the report states that the inspection being confined to the whole carcass, the Government has no knowledge whatever of the contents of the cans. It is also stated that the old canned stuff, sometimes two years old, was heated in the cans to "liven up" the contents, and new labels were placed thereon. The report complains also of very neglectful treatment of employees and the absence of ordinary decencies and comforts. It declared that the system of inspection prevailing, namely, compulsory inspection before slaughter and permissive inspection after slaughter, should be changed by reversing the rule. It also advocated the extension of inspection to all the processes of making food products and the requirement that all canned goods should bear a label showing the date of preparation and that this should not be defaced or altered. The report made some other recommendations, and declared that it would be necessary greatly to increase the number of inspectors to insure efficiency of inspection.¹

The President referred this report to Congress, endorsing its findings and making a vigorous recommendation for an adequate inspection of all meat products. The President's letter and the report of Messrs. Neill and Reynolds, which had been awaited with great interest by the country, created a profound impression. Before Messrs. Neill and Reynolds made their investigation, a committee had been sent to examine the packing houses by the Department of Agriculture, in consequence of some complaints which had been made about the conditions prevailing there. This committee, which was composed of an expert on cattle diseases, a

¹ The packers who had got wind of the general character of the report tried to induce Messrs. Neill and Reynolds to hold it up and give them thirty days to make improvements, after which it was proposed that they should again visit the packing houses and make the reformed conditions the basis of their report. Cf. "Hearings of the House Committee on Agriculture," pp. 96 and 97.

chief inspector of cattle, and the Solicitor of the Department, also made a report which was made public at about the same time.¹

This committee made a more exhaustive and detailed report of the conditions they found, going into the technicalities of cattle diseases and the methods of inspection on the one hand, and into the particular conditions of each packing house in detail on the other. So far as pointing out unsatisfactory conditions in particular rooms and particular instances is concerned, this report was quite as severe as the report of Messrs. Neill and Reynolds, but it also described the conditions in many more places as being satisfactory. It declared that they found it impossible to generalise on the subject. Even more numerous shocking quotations might be made from this report, therefore, but the general impression it gives of the conditions prevailing is certainly not so bad.

This report also criticised certain descriptions which had been printed about the Chicago packing houses, particularly in the London *Lancet*, and in "The Jungle." According to this report, the former contained many errors and exaggerations. Particularly it may be noted that the story of numbers of workmen meeting their death by falling into rendering tanks is declared to be founded according to the best information on a single instance occurring many years ago, in which instance the body of the victim was recovered. Concerning "The Jungle," they say :—

It is apparent that in his anxiety to be as sensational and "yellow" as possible the author has not only in this statement, but all through his book, selected the worst possible condition which could be found in any establishment as typical of the general conditions existing in the Chicago abattoirs, and has wilfully closed his eyes to establishments where excellent conditions prevail.²

The effect of these disclosures on public sentiment was such as to create a demand for the most sweeping kind of inspection law. Although the packers claimed to be for it, they tried to prevent the introduction of numerous proposed features and particularly the requirement that canned goods should be labelled with the date of manufacture, and that they should pay the cost of inspection.³ In respect to paying the costs of inspection the stockmen sided with the packers, fearing that if it were put on the packers it would be shifted to their shoulders.⁴ On the other side there was a considerable sentiment in favour of putting it on the packers because their shortcomings made inspection necessary,

¹ The report is dated April 3, 1906.

² P. 349.

³ "Hearings," &c., p. 89.

⁴ "Hearings," &c., p. 216.

and because, as many believed, they derived a positive financial and commercial advantage from Government inspection, both in the labour performed and in the advertisement that the Government labels gave to their goods. A law was finally agreed on which received the approval of Congress and the President.¹

The principal features of this inspection law are as follows : The Secretary of Agriculture is empowered to establish a system of inspection for all slaughtering and packing houses which prepare meat products for interstate or foreign commerce.² The law provides for a post-mortem inspection, and the rejection of all carcasses or parts of carcasses that are "unsound, unhealthful, unwholesome, or otherwise unfit for human food." This inspection continues throughout the entire process, and none of the products are allowed to pass unless properly inspected and labelled. False descriptions of food products are forbidden, though this does not extend to the prohibition of trade names which are usual and not false and deceptive. The Secretary of Agriculture is authorised to establish rules for proper sanitation of slaughtering and packing houses and to pass the products of only those establishments which conform thereto. Persons are forbidden to offer for transportation in interstate or foreign commerce any such products as have not passed Government inspection, and carriers in interstate and foreign commerce are forbidden to accept them. The Secretary of Agriculture is authorised to inspect all cattle, sheep, swine, and goats offered for export, and to ascertain if they are diseased. No clearance shall be given to vessels carrying such animals, unless a certificate of health is shown, or the Secretary of Agriculture waives such requirement. A similar rule is provided for food products prepared from such animals. The law provides, in general, that the law shall not extend to farmers slaughtering stock on the farm nor to retail butchers. Three million dollars are appropriated to carry out the provisions of the Act.

In accordance with this law, the Secretary of Agriculture issued on July 25, 1906, elaborate regulations concerning inspection,³ certain features of which are of interest here. The rules established for the sanitation of packing houses are quite particular

¹ An Act making Appropriations for the Department of Agriculture, approved June 30, 1906.

² Owing to the peculiar character of the Constitution of the United States, the Federal Government can exercise police power over this industry only through the clause that gives it control of "commerce among the States, and with foreign nations."

³ Regulations Governing the Meat Inspection of the United States, Department of Agriculture, Washington, 1906.

in their requirements concerning the cleanliness of the rooms, floors, utensils, and the clothings and persons of employees, also concerning ventilation, the prohibition of the employment of persons known to have communicable diseases, &c. An ante-mortem inspection is established, and minute provisions are made concerning the condemnation of cattle in the post-mortem examination. Special provisions are made concerning the use of dyes, chemicals, and preservatives. Regulation 39 reads in part :—

No meat or meat food product for interstate commerce, or for foreign commerce except as hereinafter provided, shall contain any substance which lessens its wholesomeness, nor any drug, chemical, or dye (unless specifically provided for by a Federal Statute), or preservative, other than common salt, sugar, wood, smoke, vinegar, pure spices, and, pending further inquiry, saltpeter.

No provision was made, either in the Federal law or in the regulations of the Secretary of Agriculture, concerning the dating of canned food products. The general belief seems to be that canned products, if well packed, will keep indefinitely without deterioration.

To one who has no technical knowledge of meat inspection, the Federal law and the regulation of the Department of Agriculture seem well contrived to procure satisfactory results, and there seems to be no reason for doubting that it will be executed with integrity and efficiency. Although the American meat trade, particularly in canned goods and other packing-house products, suffered very much from the exposures described above, the confidence of the public will probably be restored before long. In foreign countries the general examination of conditions prevailing in them, which has been suggested by the developments in America, have probably shown that the conditions in Chicago were by no means exceptionally bad. It is probably true that in some other large packing centres in the United States the conditions have been generally superior to those in Chicago, as the plants are generally more modern, and the condition of the employees much better.

One encouraging thing was demonstrated by this meat scandal and that is, that the Government and the people of the United States are not dominated by purely commercial interests (as is often asserted), and that when an abuse clearly appears and an adequate remedy is found, reform will be made as quickly as possible. The haste with which the packers have attempted to meet the new requirements of the law, in view of their vaunted

power, is a striking evidence of the commercial influence of public opinion. An equally encouraging sign is the Government's independence of uninformed public opinion, or prejudice, and the impartiality of its administration. In the report on the "Beef Trust" the country was shown that the popular opinions respecting the wholesale prices of beef and the profits in the beef industry were founded on ignorance and error. At the same time it prosecuted the packers for alleged violation of the anti-trust law. The failure of the Government in that undertaking was not due to any lack of zeal and energy, but to a technical legal obstruction which no one could foresee—the opinion of one judge on a new point of law; and if that obstruction had not appeared, the case would have been fought to a finish on its merits.

FRANCIS WALKER

INDUSTRIAL ORGANISATION IN THE WOOLLEN AND WORSTED INDUSTRIES OF YORKSHIRE.

As this paper is very largely a variation on the old theme of the interdependence of technical and economic forces in the production of characteristic types of industrial organisation, it will be well, at the outset, to recall some important technical differences between the two main branches of the textile industry in Yorkshire. From the technologist's standpoint the ultimate distinction between woollen and worsted is based upon the composition of the yarns. The worsted yarn is made of fibres, which, before being spun, are straightened out until they lie roughly parallel to one another. In the woollen yarn the fibres cross and intermingle in all possible directions. This straightening out of the fibres for worsted spinning is the result of the combing processes, which are peculiar to the worsted industry. Woollen yarns are always carded and spun on a mule, worsted yarns are combed, or carded and combed, drawn, and generally spun on a frame or throstle. Worsted fabrics invariably show more or less of the "weave," or pattern scheme, whereas an important section of woollens—all those that are much fulled and dressed—does not, for the smooth, well-twisted, worsted yarn, with its few projecting fibres, does not lend itself to fulling, whilst the woollen yarn is constructed with the definite object of facilitating that process. Lastly, the worsted yarn is normally—though not quite invariably—made of new wool and nothing else; the woollen yarn, paradoxically enough, frequently contains rag wool—in popular language "shoddy"—or cotton, or both. This last is a rough distinction, but important, especially in the case of Yorkshire, where it is almost impossible to draw a line of division between what used to be described as the woollen and the shoddy industries. I shall make no attempt to draw any such sharp distinction.

On the economic side two striking differences of organisation are at once apparent, viz., the great size of the normal business

concern and the tendency to specialise combing, spinning, and weaving into separate industries, in the worsted branch, as contrasted with the relatively small and unspecialised woollen businesses. I deal with the normal situation. There are woollen firms of great size, and woollen firms that only spin.¹ There are also modest worsted mills, and large worsted mills where combing, spinning, and weaving are all carried on; nevertheless, the opposition between large specialised businesses in worsted, and smaller unspecialised businesses in woollen is marked.

Statistical tests as to the size of businesses are not easily applied, and the figures that I am about to give are not entirely satisfactory. But they illustrate the situation so far as they go. In 1889 the average Yorkshire worsted factory employed 195 workpeople, the average woollen or shoddy factory, 95. These are vague terms which tell very little. For 1901 we have something better, but these later figures deal with the country as a whole, not with Yorkshire only. This introduces no serious error in the case of worsted, for seven-eighths of the worsted factories of the United Kingdom are in the West Riding. But the woollen statistics, of course, include the manufacturing districts of Scotland, Lancashire, and the West of England, as well as many small scattered mills in Ireland, Wales, and elsewhere. It is possible, therefore, that the figures I am about to quote somewhat misrepresent the situation in Yorkshire. I do not think, however, that the misrepresentation is serious. These figures, collected by the factory inspectors, give the number of factories or departments devoted to each important group of processes and the total number of persons employed in each group.

Woollen and shoddy are rightly treated together. We find that the average number of persons working together at woollen spinning is only 22. The corresponding figure for worsted is 140. In weaving, the difference is less marked—woollen 50, worsted 106. The worsted figures are based largely on specialised spinning and weaving businesses, the woollen figures mainly on combined businesses. It appears, then, that the typical woollen mill, which both spins and weaves, employs just about a half as many hands in those processes as does the average worsted spinning mill or department. Time will not allow more detailed corrections and comparisons of the figures. I pass to the causes of the existing state of things. They are

¹ This specialised woollen spinning is, however, concerned more with such things as knitting yarns and carpet yarns than with ordinary wearing yarns.

in part technical, in part economic, some of old standing, some due to recent developments.

Much is explained by the fact that the conquest of the Yorkshire woollen trade by the factory system took place, roughly speaking, a generation later than the conquest of worsted. True, large woollen mills were started about Leeds almost as early as were the first worsted mills further west, but for years they remained exceptional. The small master clothiers died hard. So late as 1845 their position was still exceedingly strong, and they played a considerable part in the industry for another twenty years and more. Much woollen yarn was spun on the jenny by the weavers and their families down to the 'sixties, and in some cases even later. And the power loom was very gradually adopted for woollen weaving—for the most part between 1840 and 1880.

With worsted it was otherwise. The trade had come into Yorkshire from East Anglia late in the seventeenth century. It remained unimportant until nearly 1750, but grew fast between 1750 and 1780, before machinery was introduced. Specialisation already existed, and many of those concerned with the trade controlled considerable amounts of capital. They bought wool, had it combed and dyed, put it out to be spun in the cottages over an amazingly wide area, and then either sold the yarn or had it woven by domestic weavers. They were, in short, true *entrepreneurs*, very different from most of the small master clothiers in the woollen trade, who with the aid of their families and a little hired labour carried on at home all the processes of cloth manufacture, except finishing and, in some cases, dyeing. I have seen the account-books of one of these early worsted men, a wool comber he called himself, but he was more than that, for the period 1762-1779. They show that a very considerable business existed even in an outlying moorland district. Their owner, Mr. Greenwood, of Oxenhope near Haworth, bought wool, combed and dyed it at home with the help of hired men, had it spun, and, so far as I can ascertain, generally sold the yarn. At his death in 1779 he had on hand nearly £700 worth of raw wool and over £800 worth of combed wool and yarn. Other businesses of the same period, of which we have record, were probably larger than his.

The first worsted spinning mill in Yorkshire was started at Addingham, on the Wharfe, in 1787. The trade was ripe for the mills, and they grew fast in the next generation. Sometimes landowners as well as manufacturers and merchants had

a hand in their establishment. By 1820, domestic spinning of worsted yarn was almost extinct in Yorkshire. Woollen yarn, on the contrary, though no longer spun to any great extent on the wheel, was, as I have said, much spun on the jenny outside the mills. Between 1825 and 1840 the power loom was widely adopted in the worsted trade, while it was still very uncommon in woollen.

It is not easy to ascertain how far the early worsted spinning mills were specialised. Clearly in many cases the mill-owner gave out some at least of his yarn to be woven, and with the introduction of the power loom, weaving sheds were often added to the mills. But yarn selling on a large scale had existed before the mills were thought of. So early as Defoe's time the Norwich stuff manufacturers had imported yarn from Yorkshire, and with the factory age the practice grew. There was not so much as an experiment in power spinning about Norwich until after 1830, so the field was clear for the Yorkshire mill yarns. Nor was East Anglia the only buyer. The carpet districts, the hosiery districts, some of the Scotch tartan-making districts, and the whole country in so far as it used worsted for knitting and mending, contributed to the demand. East Anglian manufacturing declined, and carpet manufacturing in Yorkshire developed in the second quarter of the nineteenth century. But any decline in the external demand for worsted yarn thus brought about was more than counterbalanced by the foreign yarn trade, which emerged with the removal of the prohibition of export in 1825, grew with the establishment of alpaca and mohair spinning in the Bradford district between 1845 and 1855, and has grown—roughly speaking—ever since. Finally, in the last quarter of the nineteenth century changes of fashion led to an extensive substitution of worsted for woollen fabrics, and so to the "export" of yarns from worsted to woollen districts. They also led to the establishment of worsted spinning and weaving outside the old districts, but they undoubtedly stimulated specialisation in spinning.

From the first, then, the Yorkshire worsted industry has had to produce vastly more yarn than could be consumed on the spot, and from the first spinning has been to some extent a distinct trade. So, too, has combing, but for different reasons. There were master combers who owned the wool they combed before the days of machinery, but the class is heard of no more after the rise of the spinning mills. The journeymen combers now worked for spinners. So did most of the early combing

machines of the type that Cartwright invented. But when machine combing became a real success, between 1842 and 1852, it crystallised at once into a distinct trade, though to this day many spinners do some at least of their own combing. This prompt specialisation is to be explained mainly by the complexity which the combing and associated processes had by that time assumed. In the earlier part of the nineteenth century only long wools were combed, but in the 'forties the fine and comparatively short Australian merino wools were coming into regular use in the worsted trade. They had to be carded before being combed, to mention only the chief processes, so that the work of supervising the stages preliminary to spinning was heavy enough for a single firm. Then, too, some of the inventors had the capital and the commercial ability to exploit their own patents, which assisted the process of specialisation. Again, night work, impossible in spinning mills, has always been usual in the combing mills. Thanks to this, to the intricacy of the work itself, and to the ordinary economies of large scale production, combing has become more and more strictly specialised. Of late years, moreover, spinners have bought a larger proportion of their wool than formerly ready combed from dealers, a practice which has tended to encourage that specialisation of combing to which it owes its existence. Even those spinners who run their own combs usually have a part of the work done for them by the commission firms, and there are, I believe, few, if any, firms in Yorkshire to-day who regularly comb all the wool that passes through their spinning machinery.

A narrow margin of profit and a constant shifting of demand, due to fashion, render a strict combination of the three main processes—combing, spinning, and weaving—in one mill wasteful and risky. The weaving department is bound to require a great variety of yarns, and if these are all to be combed and spun at home, heavy stocks of wool and yarn must be held. It is highly probable that a mill which retains all three departments will become, primarily, either a spinning or a weaving mill; it is most unlikely to find concentration on combing profitable in existing circumstances. The looms may use some of the yarn, although spinning is the main business, or the spinning frames may work regularly to supply some only of the looms' needs. Normally the "manufacturer" owns no spinning machinery. The fabrics which he has to make are incessantly changing. He requires yarns of many types and of other materials than worsted. The relative importance of the materials is not constant. In

what is known specially as the Bradford trade—the manufacture of women's light dress materials and the like—cotton warps have long played an important part. Silk yarns also are used in the higher branches of the trade. Thus no manufacturer of this class could, at best, spin more than a portion of the yarn that he requires. The manufacturer of worsted goods for men's wear, it is true, uses worsted yarns almost exclusively, hence a combination of spinning and weaving in this branch is, *a priori*, less unlikely. Such combinations are, in fact, not uncommon; but this particular class of weaving is very widespread, having been taken up extensively by firms that once wove nothing but woollen, both in Yorkshire and in other districts, so that combination is not the rule.

To my mind there can be no doubt whatever that the characteristic features of the Yorkshire woollen industry are in part an inheritance from the pre-factory organisation of the trade, an organisation which, as I have pointed out, disappeared very slowly. It is well known that the woollen factory came into existence, in the early days of the nineteenth century, in two or three distinct ways. Either the merchant, who had control of capital, instead of buying from the small clothier and then having the cloth finished, added to his old functions the whole of those of the clothier; or else small mills were set up by groups of clothiers or by single individuals, in which those processes that had been taken over by machinery were performed on commission. Or, again, a prosperous clothier might get hold of a little mill himself and build up a large business. In every case the man who controlled spinning also controlled weaving. Both clothier and millowner, that is to say, bought wool and sold cloth. There was little, if any, demand for Yorkshire woollen yarn except as raw material for Yorkshire cloth; and no internal or external circumstance suggested a break in the traditional combination.

The mechanical improvements of the later nineteenth century, instead of lengthening the processes through which the wool passes before it becomes yarn, as in the case of worsted, have curtailed them. In the woollen industry the raw material goes straight from the carding rollers to the mule. In worsted, carded wool has to pass through two distinct processes, and many sub-processes, before it is spun. For a three-fold division of the woollen industry there is clearly no place. But a two-fold division, the separation of spinning from weaving, might have arisen in Yorkshire, as it actually has arisen in some cases in

Scotland. To explain its almost complete absence something more than a strong tradition, or even than the lack of an external yarn demand, is required.

The third factor, I believe, is technical. It is the complex character of much of the Yorkshire woollen yarn. Nearly fifty years ago a historian of the shoddy trade noted that rag wool was invading almost all branches of the Yorkshire woollen industry; and it has conquered fresh territory since he wrote. Then there is cotton, sometimes in the form of yarn, sometimes mixed with the wool before spinning. Except in the case of the very best fabrics, the manufacturers' success depends so largely on the composition of his yarn that to purchase yarn would be a particularly risky proceeding. He is perhaps spinning a mixture of new wool and rag wool, or of wool and cotton, and he likes to control the mixture himself. No doubt a similar difficulty arises when a manufacturer buys worsted yarn; for good and bad wool may have been blended in a way that he does not like. And, in fact, the worsted trade does suffer to some extent in this way, as the result of the existing sub-division. But the difficulty, though similar to that which would arise if all woollen yarns were bought, is vastly less serious.

It is sometimes suggested that the specialisation of the worsted industry is due, so to speak, to infection from the neighbouring cotton trade. This seems at first to be a vague way of stating the fact that the two industries have been subjected to the operation of like forces, or, at any rate, of one important common force—the external yarn demand. But the suggestion contains rather more than this. In weaving there is a greater similarity of methods and of fabrics between worsted and cotton than between woollen and cotton. The light, quick looms in the Bradford trade can be, and often are, employed to weave pure cotton goods, when dear wool or a change in fashion makes such a policy desirable. This policy could not be adopted in a combined mill without serious risk of throwing the spinning machinery altogether idle, a fact which favours specialisation.

Something remains to be said on the question of size. The presence or absence of an external yarn demand goes far to explain the situation, so far as spinning is concerned. In weaving the discrepancy in size, as tested by ordinary observation and borne out by the figures, is hardly great enough to warrant much generalisation, though the delay in the adoption of power in woollen weaving is, no doubt, in part responsible for it. Taking the woollen business as a whole, I am disposed to attach considerable importance

to the fact that there is some difficulty, in the case of what Prof. Marshall would call the representative firm, in securing that every one of the very numerous processes of the woollen manufacture shall be carried on with that continuous skill which alone would lead to steady growth. For in woollen, dyeing and finishing are not uncommonly found combined with spinning and weaving; and it is hard to do all these things really well.

The friction which results from frequent and harassing changes of fashion is also clearly an obstacle to continuous growth. Both woollen and worsted suffer here; but I am disposed to think that this obstacle has impeded the woollen trade most. Fashion has almost killed what is known popularly as the broadcloth trade, for instance. A great section of the Yorkshire woollen industry is now devoted to the production of cheap tweeds and the like; but this is relatively a new thing, and few firms have been able to grow great with it. Then in times of cheap wool there is a tendency for worsted to gain ground at the expense of woollen, and although at the present time wool is not cheap, and "tweeds" are in fashion, there is not room for any very great expansion of the home demand of the kind that helps to build up individual businesses rapidly. The export trade has so much fresh competition and so many tariffs to face, that it can hardly supply the deficiencies of the home trade in this respect. In short, the general situation of the industry, though by no means opposed to steady growth, in no way facilitates the swift expansion of the average business unit.

Such seem to me the chief causes of the phenomena that I set out to explain. I am by no means satisfied that my explanations are complete. In a matter of this kind, there is considerable risk of error; for no one has ever pieced together in a satisfactory fashion the history of the last fifty years of the woollen and worsted industries; and even for the period of the industrial revolution, there is room still for abundance of research along the border line of economics and technology. For recent years the best original authorities are the memories of business-men. I could wish there were more trained interviewers to make use of those memories; for with them often die some of the most valuable records of nineteenth century economic history.

J. H. CLAPHAM

THE REMUNERATION OF EMPLOYERS.

By employer in this paper is meant "enterpriser," apart from his capital, and by "profits" his earnings. The theory of interest, we shall suppose, satisfactorily covers the element of profits connected with capital. The fact that an employer could not start without some private capital in most industries may be set aside as a matter affecting rather the relative supplies of employers forthcoming for different industries than the services for which they are paid. Most of the assumptions made will become evident as the argument proceeds. Their justification in a treatment which is only offered as highly abstract will be taken for granted. The following assumptions, however, ought perhaps to be specifically stated : (1) that the returns to each employed factor, *ceteris paribus*, invariably diminish about the margin ; and (2) that all businesses of the same industry tend, *cetèris paribus*, to be identical in form. As regards the second proposition, it must be remarked that the existence of several forms of production of equal economy would merely complicate and not invalidate the argument, which, however, would fall to the ground if no uniformity at all in respect of forms of production tended to be realised.

In the first instance, we admit only two factors, namely, employers and employés, suppose one industry only to exist, and the total number of employés in all firms taken together to be fixed. If the population is large and the proportion of employers to employés is small, the results reached on the basis of the last assumption will not differ greatly from those in which an increase of employers is regarded as diminishing equally the number of employés. The extent of the difference could easily be demonstrated.

Three cases will be considered, according as an increase of employers leaves constant, raises, or lowers the curve of the marginal values of labour to employers. For the sake of convenience

the three cases will be termed simply, constant, increasing, or diminishing returns, as the case may be. I should argue that increasing returns is highly probable (though the rate of increasing returns might be minute), when an addition to the number of businesses renders possible intenser specialism of businesses. Such intenser specialism might be long delayed, and only prove appreciable in the very far long run. A fall in the marginal worth of employers as their number augments is, of course, quite consistent with increasing returns so defined. Decreasing returns might be experienced, in spite of any greater specialism of businesses, when additional supplies of material could be obtained only with an increased expenditure of effort. The profits of employers of marginal capacity only will be considered. To such profits must be added in most instances a rent of super-marginal capacity which is determined as all other rents.

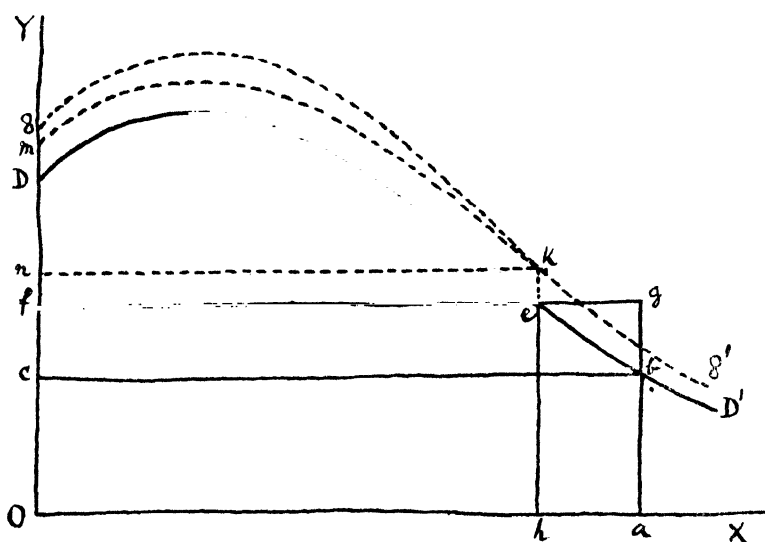
First we take constant returns. Consider the figure, which relates to a particular business, disregarding dotted lines. The number of employes is measured along OX , and units of produce (in kind) along OY . With Oa employes (the number of employers being, let us say, z) wages are ab and profits Dbc . Employers in the country increase from z to $z + 1$, and the operatives in each business are reduced to Oh ; wages then become he and profits Def . The old total produce of the country was $OabD \times z$: the new total produce is $OheD (z + 1)$. And

$$\begin{aligned} OheD (z + 1) &= OheD \times z + Def + Ohef \\ &= OheD \times z + Def + hg \times z \text{ (ex hypothesi)} \\ &= OheD \times z + Def + eh ab \times z + egb \times z, \text{ and} \\ OabD \times z &= OheD \times z + eh ab \times z. \end{aligned}$$

Hence the new produce exceeds the old by $Def + egb \times z$, which is, therefore, the social worth of the last employer. It can be demonstrated geometrically that as z gets larger $egb \times z$ gets smaller, until with z very large $egb \times z$ becomes practically negligible. Hence in the case of constant returns profits tend to equal the marginal social worth of employers.

Now take case 2—that is, increasing returns as defined above. Consider the figure, taking the dotted lines into account. $\delta\delta'$ indicates the rise in the value of labour to a typical employer which may be regarded as taking place when employers are increased from z to $z + 1$. In the figure $\delta\delta'$ is drawn to represent a percentage rise of the curve DD' . Normally the rise should tend to be a percentage one. mk is drawn parallel to De . When employers are increased from z to $z + 1$, wages become kh

instead of eh , and profits δkn instead of Def . It scarcely need be remarked that we may legitimately assume that the competition of employers which settles wages is based upon the value of labour to them for the time being. Even if an employer foresaw that his demand for labour would necessitate ultimately an increase or decrease in the number of firms, he would not take the far-away effects of such a reaction into his calculations. The marginal social worth of the employer becomes $Def + (\delta mk + ne)(z + 1)$, which is greater than the new profits. If the rise of DD' took place not by equal percentages, but by equal amounts, the marginal worth of employers would exceed



profits by $ne(z + 1)$. The conclusion means in effect that when the number of employers is large, and returns are "increasing" as above explained, profits ultimately equal the marginal worth of employers less the effect wrought by the marginal employer on the product of each firm multiplied by the number of firms. As the increasing returns would be slow in revealing themselves, profits and the marginal worth of employers would for an appreciable time be indistinguishable amounts.

Case 3 (here termed decreasing returns) is closely analogous to case 2, and need not, therefore, be represented geometrically. The new curve $\delta\delta'$ would lie below DD' , but its position would have to be such that the product of all firms taken together increased and wages rose. If wages did not rise the new employer

could not win his way. It can be demonstrated that profits would be greater than the marginal worth of employers by the effect wrought by the marginal employer upon the individual firm multiplied by the number of firms.¹

¹ Analytically the above argument may be represented as follows:—

Let

x = employés in one firm

z = employers

P = product of one firm in kind

$P = f(x, z)$.

Then

$$\frac{dP}{dz} = \left(\frac{dP}{dx}\right)_z \frac{dx}{dz} + \left(\frac{dP}{dz}\right)_x$$

Now let

$$xz = c = \text{constant}$$

Then

$$\frac{dx}{dz} = -\frac{x}{z}$$

$$\therefore \left(\frac{dP}{dz}\right)_c = \left(\frac{dP}{dx}\right)_z \left(-\frac{x}{z}\right) + \left(\frac{dP}{dz}\right)_x$$

and

$$\left(\frac{dzP}{dz}\right)_c = P + z \left(\frac{dP}{dz}\right)_c$$

$$\begin{aligned} \therefore \left(\frac{dzP}{dz}\right)_c &= P + z \left\{ \left(\frac{dP}{dx}\right)_z \left(-\frac{x}{z}\right) + \left(\frac{dP}{dz}\right)_x \right\} \\ &= P - x \left(\frac{dP}{dx}\right)_z + z \left(\frac{dP}{dz}\right)_x \end{aligned}$$

Now $\left(\frac{dP}{dx}\right)_z$ is taken as the expression for wages (see p. 525). And x times this expression means the total wages paid in any one firm. Hence the marginal worth of employers, i.e. $\left(\frac{dzP}{dz}\right)_c$, equals profits; i.e. $P - x \left(\frac{dP}{dx}\right)_z$, plus the effect (positive or negative) made upon the produce of one firm by the marginal employer, i.e. $\left(\frac{dP}{dz}\right)_x$, multiplied by the number of firms. Obviously the general conclusion (that the marginal worth of employers equals profits plus the positive or negative effect wrought upon the produce of one firm by the marginal employer multiplied by the number of firms) holds however many factors in production are introduced provided that they may be treated as x above.

In case (1) imagined in the text above $\left(\frac{dP}{dz}\right)_x$ equals zero; hence in that case profits equal the marginal worth of employers.

And *ex hypothesi* $\left(\frac{dP}{dz}\right)_x$ is a positive quantity in case (2) and a negative quantity in case (3). Hence the conclusion that in these cases profits are respectively less than and greater than the marginal worth of employers.

The argument advanced above may be supplemented by the following. Writing $z, y, x \dots$ for all the factors in production in an industry or country, and p for their product, we may express the three cases of constant, increasing, and decreasing returns thus,

$$\begin{aligned} &= \\ mp &< f(mz, my, mx \dots), \\ &> \end{aligned}$$

where m is any number in excess of unity. From each of these being true in

These results hold however many factors in production are introduced in addition to labour, provided that they may be treated as the labour-factor has been above.

My conclusion is not that the employer gets a determinable proportion of his marginal worth to society in exactly the same sense that the workman gets his marginal worth to the employer. The workman's remuneration is brought to such a level directly, whereas the forces bearing upon his employer's remuneration operate indirectly and more tardily. They are impeded by the community's lack of insight and by custom (in the form, for example, of "goodwill"), as well as by other kinds of social friction.¹ And long before ultimate equilibrium is reached economic changes arising from the sides both of supply and demand have created forces which drive economic arrangements towards another state of rest. All that we can assert is that tendencies are generally operating—but very slowly and with degrees of effectiveness varying with the industry—to bring profits, first, to a theoretically determinable proportion of the internal marginal worth (*i.e.* marginal worth within the specific industry), and, secondly, to a theoretically determinable share of the external marginal worth, of the employing function. Other factors in production, of course, except fluid capital, frequently receive for somewhat lengthy periods remunerations which differ from their external marginal worths, though they may equal their internal marginal worths.

Money value can be introduced into the above argument by remunerations being interpreted as the money value of remunerations in kind. The use of money in the first instance leads to

order, it follows that p is respectively equal to, less than, or greater than $\frac{\partial p}{\partial z} z + \frac{\partial p}{\partial y} y + \frac{\partial p}{\partial x} x$ And if factors x and y may be taken to receive respectively $\frac{\partial p}{\partial x}$ and $\frac{\partial p}{\partial y}$, it follows that z (*i.e.* the employer) receives $\frac{\partial p}{\partial z}$ (*i.e.* his marginal worth), or an amount greater or less than that, according as the returns of industry are constant, increasing, or decreasing in proportion to its size.

For discussion of points in this argument* see Mr. Wicksteed's essay on the co-ordination of the laws of distribution, Professor Edgeworth's article in the *Quarterly Journal of Economics* (vol. xviii, p. 182), the review of Mr. Wicksteed's essay by Professor Flux (*ECONOMIC JOURNAL*, vol. iv, p. 311), and pp. 314-5 of the latter's *Economic Principles*. Space prevents me from discussing the views put forward in these several writings and expressing my obligations in detail.

¹ The difficulties connected with "goodwill" and the building up of businesses tend to be of less weight in industries flanked by developed markets, and one "business" may include many factories under partially independent direction. The man of affairs who was successful in pushing his wares against those of rivals would still aim at keeping the most economical proportion between directing ability and the factors under its control, by the use, say, of salaried managers,

difficulties connected with the law of diminishing utility. Quite exactly stated, factors which are paid their marginal worth get, not their money marginal worth, but the money value of their commodity marginal worth, though in most circumstances the two may be regarded as identical, prices being taken as constant for small variations of output.

I do not intend to say anything in this paper of the supply of employers. The theory here advanced would be the same were the number of employers an arbitrary amount, or were it affected by the absolute and relative levels of the earnings of different classes.

There remain two matters of incidental importance to notice. One is the use of the salaried manager to connect the law of wages with profits, on the ground that the positions of salaried managers and employers are competing attractions, and that the salaried manager as an employé is paid his marginal worth.¹ One weakness in the link is, as Professor Edgeworth recognises, that "undertaking" or "enterprising" in its fullest sense is never the work of the salaried manager *qua* employed person. Another weakness is that in the degree in which the function of the salaried manager approximates to that of the employer (for instance, in the case of managers appointed, say, by a huge syndicate, controlling many businesses and possessed of insight into ultimate effects, which allowed to the official at the head of each practically a free hand) does it become unwarrantable to assume that the salaried manager will be paid his marginal worth.

The other matter is the attempt made to prove that profits are equal to the marginal worth of employers from the fact that the employer's gain from the last hour of his work must equal the value of its effectiveness. The objection to the argument is that the employer's total earnings need not equal the return to his marginal hour multiplied by the total hours of his work, because the hours of an employer's time do not compete against each other. As Professor Edgeworth has said, in criticising Professor Barone in the article already quoted (p. 178), there is no reason "for regarding the remuneration of the *entrepreneur* as the product of the number of doses (*e.g.* hours worked) and the marginal productivity of a dose (multiplied by a coefficient depending on the length of the productive process)."

S. J. CHAPMAN

¹ See, for instance, Professor Edgeworth's article in the *Quarterly Journal of Economics*, vol. xviii. pp. 180-1.

THE THEORY OF INCIPIENT TAXES

THE object of this article is to call attention to some interesting generalisations which can be established when we study the tendency of very small taxes as they begin to come into operation. It is more especially in connection with international trade and the vexed question of "taxing the foreigner" that the interest of the theory lies, but the method of approaching questions of incidence by considering first the tendency of incipient taxes has some use also in connection with purely domestic taxation. In connection with international trade, the question arises whether a country, by means of taxes, can get more favourable terms of exchange with foreigners in such a way as to leave a net advantage, after allowing for the disadvantages involved in turning production from its "natural" course, as it used to be expressed.

The two propositions which I venture to put forward are :—

1. That in pure theory advantage is always possible in normal circumstances from either import or export taxation when the taxes are small enough, except in one peculiar and unlikely case.¹

2. That, in the case of incipient import taxes, the tendency to advantage is greater the more elastic the demand of the taxing country for the articles taxed.

This implies that a tax on finished articles, as a whole, would tend to give more advantage than a tax on raw materials, and that a tax on the importation of an article of which there was an untaxed home supply would give more advantage, initially, than would be the case if there were no home supply. That is to say, with taxes not exceeding some definite height, there seems to be a certain theoretical correctness in the methods followed by Protectionists. How far in any actual case such taxes could be increased to something of tangible importance and still

¹ Below, p. 532.

give a balance of advantage, and whether this theory has anything to do with the ideas on which ordinary Protection actually rests, are questions which we defer for the present.

The propositions respecting incipient taxes can best be discussed by mathematical methods, but first of all an attempt will be made to show, by general reasoning, that they are not opposed to common sense. Consider any group of people producing a commodity, let us say milk, and selling it in competition with one another to some outside party. The competition tends to beat down the price of milk, and if the producers combine to put some check on their competition with one another, they can get better terms, provided that the buyers are not absolutely indifferent whether they buy their milk from this group of producers or not. If this group are a mere fraction of the producers, and have no advantage over others in supplying any part of the market, of course they can effect nothing by combination. If, however, those with whom they deal have some reason for dealing with them rather than elsewhere, there is room for some improvement in the terms of exchange by some degree of restriction of competition. The possibilities of improvement may be much or little, according to the degree in which the purchasers of milk are dependent on the particular group of producers, but the latter need not have a monopoly of the supply. They need only have some advantage in their particular market, so that their withdrawal would not be a matter of complete indifference to their customers.

Granting that this condition is fulfilled, an obvious method of putting a slight check on competition would be for the milk-sellers to agree that every time one of them sold milk, he should make a contribution to a collective fund, in token of the fact that by putting his milk on the market he is doing something to lower the price of milk to the disadvantage of his fellows. If we regard the milk-producers as receiving payment in kind, say in meat, instead of in money, how is their position likely to be affected if we suppose them to have a latent possibility of supplying themselves with meat, without recourse to strangers? Surely this fact may be expected to strengthen rather than to weaken their position as bargainers. We are presuming, of course, that they would be losers if they stopped the trade altogether; but the option of some home supply of meat to fall back upon minimises the disadvantage resulting from a diminution of the "imports," so to speak, of meat, without affecting the advantage of having to pay less, and, therefore, increases the net

advantage so long as the change is within the limits within which net advantage is possible.

The fundamental resemblance between this kind of barter and international trade is commonly recognised by economists, and need not be elaborated here. The theoretical possibility of improving the terms of exchange has long been recognised by some as a debatable question, notably by Mill and Sidgwick. The only novelty in the position taken up in this article is the contention that it is all a question of degree, and that there is a general possibility of advantage not confined to exceptional circumstances.

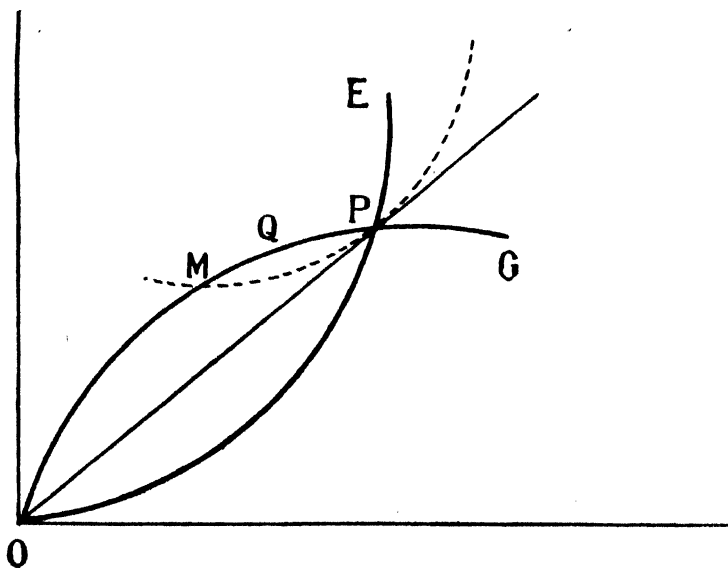
It is very difficult to give quite a convincing proof of the propositions advanced by purely verbal reasoning. The foregoing discussion is intended rather to give an idea of the argument than to constitute by itself a satisfactory proof.

It will be evident that the kind of advantage which the writer asserts to be generally possible is simply an improvement in the terms of exchange—an increase of the excess of utility of imports over cost, or disutility, of exports. It has nothing to do with what is known as the “infant industry” argument. It is assumed all through that when an article is imported under free competition, any interference with the purchasers’ freedom to buy in the cheapest market involves some disadvantage, and the advantage to be set against that has nothing to do with the possibility that in course of time home supplies may be developed in such a way that the consumer gets them cheaper than he would do if they had never been taxed. That is a kind of advantage from taxation which depends on the possibility of proving the existence of peculiar circumstances, and possesses no generality.

It will be evident also, from the discussion of the milk and meat bartering, that the most important factor in determining the extent of advantage which may accrue to the milk-producers must be the extent to which other people can compete with them in selling milk and in buying meat. At present, however, we are not concerned with the question of the extent of the advantage, but only with the fact that it is a question of degree. No great country is an absolutely insignificant quantity in the eyes of those who buy from it and of those who sell to it. There are geographical facts which give each some advantage in supplying some goods in some markets, and for this reason there is possibility in each case of securing some degree of advantage by a check on competition in foreign trade.

The existence of a general possibility of advantage is deducible from the diagrams which Professor Edgeworth contributed to THE ECONOMIC JOURNAL in 1894. Subjoined is his Fig. 8, p. 433. The indifference curve touches the vector OP , and a small movement of OE to the left must bring the point P into a position indicating greater advantage, provided that the foreign "supply and demand" curve OG is not absolutely coincident with the vector OP .¹

When the home "supply and demand" curve OE is of the "inelastic" type (Fig. 3, THE ECONOMIC JOURNAL, p. 432), a



different result is predicated by Professor Edgeworth of an import tax; but that is because his diagram represents a tax levied in kind, not in money. When the tax is in money, the change in OE is that represented in Fig. 3, p. 430 (*loc. cit.*), like an export tax in kind.

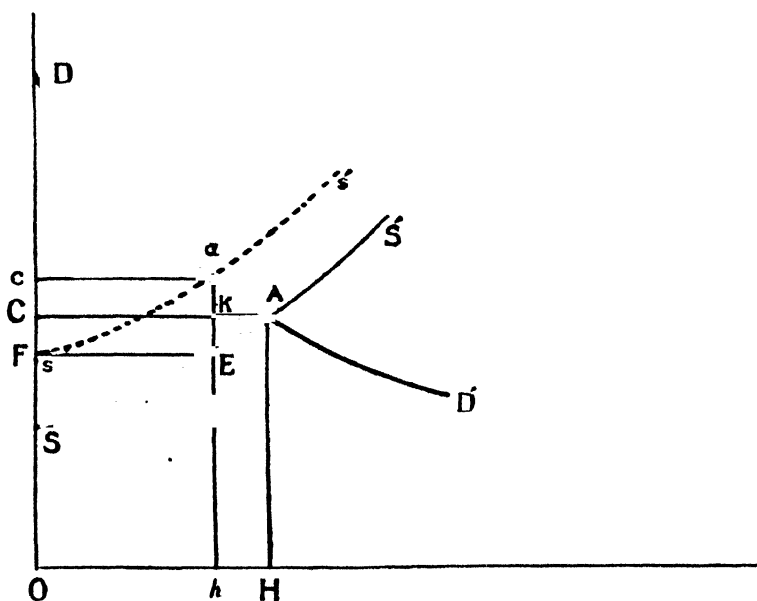
The only case in which there would necessarily be disadvantage in a small tax is that of inelasticity of "supply and demand" on both sides—a peculiar and unlikely case, the paradoxical result of which is explicable, but which we will not dwell on here because the case is not important.

The two propositions which have been advanced can be deduced by consideration of the diagrams which Professor Marshall has

¹ The degree of curvature of OG in the figure is made sufficient to show the result of a tax clearly. It is not intended to be taken as typical.

made familiar. Subjoined is a figure representing the incidence of taxation of a commodity (*vide* "Principles of Economics," p. 504).

Imagine that the tax is going to be spent for the benefit of the buyers. It is evident that they gain or lose on the whole according as $C F E K$ is greater or less than $A K a$. If we imagine the tax to be made very small, $C F E K$ becomes a line and $A K a$ becomes a point, and there is, therefore, necessarily some advantage, provided that the supply curve $S S'$ is not an absolutely horizontal line. In the figure the curve is made so that apparently quite a considerable advantage is possible, but that is



merely for the sake of clearness. All we need suppose is that $S S'$ is not perfectly horizontal.

Further, suppose the demand curve $D D'$ to be made more elastic. With the small tax, $A K a$ will still be a point, and $C F E K$ will be a line, but, so to speak, a thicker line than before, so that the advantage will be greater.

In this diagram it is implied that money can be regarded as a constant measure, which is not a legitimate supposition when we are considering the producers and consumers to belong to different "nations." We have now to consider what difference is made when we allow for the disturbance of price-level. We shall endeavour to show that the propositions respecting advan-

tage to the taxers hold good *a fortiori* when this correction is made. Regarding the producers as the "foreigners" and the buyers, for convenience, as ourselves, our total bill minus tax (which goes to our Government) is necessarily reduced in amount, from the rectangle CH to the rectangle Fh . In order to restore the international "equation of indebtedness," price-level here rises relatively to price-level abroad, and this is a favourable, not an unfavourable, circumstance.

In discussing the effect of taxation on international trade, people frequently argue that though there may be some tendency to gain at the expense of the foreign producer, yet there is the disturbance of price-level and the effect on exports to be considered, and they assume that this consideration is one which makes against the chance of advantage. This is not the case, however. In so far as there is a real possibility of prices in the taxing country being relatively raised, the advantage tends to be greater. (We must not say, however, that the extent of this raising of price-level is a measure of the amount of advantage. Higher money incomes are very largely discounted by higher prices of all home-made goods.)

That the reaction on price-level must be a favourable circumstance should be apparent if we consider what happens if some commodity, hitherto imported to the extent, let us say, of five million pounds, were to be superseded in the ordinary course of trade, without any taxation, by some home-made article. Our foreign indebtedness would be reduced by five millions, and there would be an effect on price-level, and, through that, on exports. Obviously, however, we should not be damaged by that kind of reaction. When the diminution of indebtedness is caused by a tax on imports, the disadvantage is not to be looked for in the effect on general prices, but in the inconvenience of those who are unable to buy the taxed article in consequence of its relatively higher price.

The more elastic the home demand for the taxed article, the stronger is the tendency to reduction of the total bill payable to the foreigner, and, therefore, the greater (but still small) the tendency to raise price-level and improve the terms of exchange.

Another point to be noticed is that we assumed that the case of what may be called a protective tax was dealt with by simply making the demand curve more elastic. It might be thought that we were ignoring the loss due to producing more of the commodity at home by presumably less efficient means. In this case, however, the demand curve DD' must be regarded as the

special demand curve for the imported article. It is compounded from our total demand for the article and our supply curve (assumed to be ascending). It can be shown geometrically that the "loss" $A K a$ comprises all the dead loss involved in the reduction of imports, including the waste of energy. It does not, however, take any account of mere transfer of wealth from the community to special interests in the taxing country, nor does the loss $A E K$, on the other hand, take any account of the transfer of wealth from particular interests in the export trades to the community. We simply regard the taxing country *en bloc* as one interest.

It must be admitted that to the mathematical mind there is something not quite satisfactory about this reasoning. It has not been put forward as quite sufficient. The only satisfactory procedure is to employ analytical methods, imagining each country to use a money peculiar to itself, and to levy the tax in its own money. The ratio of exchange of moneys alters, and the net result can be expressed in an algebraical formula, and we can introduce several commodities. It is on these analytical results that the propositions really rest, but it is hoped that the above reasoning may enable those who do not readily follow mathematics to see the drift of the argument.

C. F. BICKERDIKE

CHEAP RAILWAY TICKETS FOR WORKMEN IN BELGIUM

My purpose in the present paper is only to describe an interesting economic and social phenomenon of my country, and also to point out some of its principal consequences. I avoid intentionally any comparison with other countries, as well as any consideration of the question of management of railways by the State or by companies. Of course these are of much interest, but I think it is worth while to study the cheap railway tickets for their own sake. We shall then avoid any political or school bias.

In Germany, in England, in France, in Austria, so-called workmen's trains exist with specially cheap fares: it is a feature of modern industry that labour is becoming more mobile. However, I suppose I do not overstate the fact when I say that nowhere is the regular transport of workmen so relatively large, so cheap, and so intensive as in Belgium. This is obvious even from superficial observation. Take the time-tables of the Belgian railways; you are struck by the great number of ordinary trains early in the morning and late in the day. A journey on foot or on a bicycle through the villages of the provinces of Antwerp, Brabant, Hainaut, and Liège, or some moments spent early on Monday mornings in Brussels—South and North—in Liège, in the industrial villages of Hainaut will show to everyone the peculiarities of the regular moving population. Mr. Vandervelde, who has devoted many pages and speeches to the workmen's trains, once picturesquely described these villages, where, during the day, only women, children, or old people are to be seen. All the men have gone away to work. It would be exaggeration to pretend it is so in every village, but undoubtedly this is by no means an exceptional state of things.

As regards the actual number of tickets issued or of ticket-holders we have not got detailed statistics. At a sitting of the

House of Representatives, the Minister of Railways stated that the total number of men using the cheap tickets must be considerably over 100,000. The total industrial population being a little over 700,000 people—say 720,000—if the ticket-holders are about 120,000, we can say that they represent nearly 16 per cent. or a sixth of the total. These figures are only for the State railways, which represent nearly all our railways, or 4,000 kilometres. Besides these, private railway companies own about 500 kilometres, and these have also (at least, the French company of “Nord-Belge” has) the same cheap rates as the State railways. Our great national company of light railways (*Société nationale des chemins de fer vicinaux*), which has no less than 2,500 kilometres, also carries a great number of workmen at reduced prices, and, of course, for short distances the numerous electric and other suburban tramways are employed.

It would be tedious to note here all the changes which have taken place in the management of the trains. It will be sufficient to explain a few of the more important matters of administration.

(1) The cheap weekly “abonnements” are reserved for *workmen* in the strictest sense of the word. The official definition gives as the meaning of the term “workmen” “those who perform, under the authority of another person, an essentially manual work, and are paid per day or per piece.” Accordingly, managers of businesses, *entrepreneurs*, professional men, clerks, and all *employés* whose work is not purely manual (as tramcar conductors and drivers), surveyors and foremen, employers of any kind, itinerant dealers, domestic and rural servants, and also all workmen employed in an artistic calling are debarred from a use of the reduced tickets.

(2) The genuineness of the proper qualifications is ascertained by the formalities required to obtain the tickets. Applications have to be made eight days before using the tickets. They have to be backed by two certificates—one from the burgomaster of the “commune” of the applicant, and the other from the employer. They must certify that the applicant is really a workman, what kind of work he does, and the address of the works where he is employed. Every application undergoes a special inquiry by the station-master, who grants the ticket under his own responsibility, and it is sufficient to say that in case of detected fraud he has to pay the defrauded fares.

(3) There are three kinds of weekly tickets:—

(a) For one return journey per week, the departure being on

Monday or the next day after a holiday, and the return being on Saturday or Sunday. No limit of length is assigned to these tickets.

(b) For one single journey daily. These tickets are taken advantage of when the workman uses another means of transport than the railway for his return, and are not issued for distances exceeding 20 kilometres.

(c) For one daily return journey, it may be for six days, or even for seven days a week. These tickets constitute, of course, the great majority. According to the regulations, they are not issued for distances exceeding 100 kilometres, but I have reason to believe that there are sometimes exceptions to this rule. It often happens that men have some long way to walk on foot before catching their trains. Their railway journey sometimes takes them three hours and even more. We have therefore some startling exceptional instances of men leaving home at three or four o'clock in the morning, arriving at their work about seven, and, after twelve hours' work, reaching home between nine and ten o'clock, getting only five hours for sleep and family life. This is the case, for example, with some Flemish workmen coming every day from the neighbourhood of Grammont to the collieries of the centre of Hainaut or to Charleroi. Complaints have been very often expressed in Parliament with regard to the exaggerated length of journeys of this kind.

(4) In order to show the cheapness of the tickets, I have only to give some instances. The ticket for one single daily journey costs a little more than four-tenths to half a centime per kilometre for six journeys weekly. This is equivalent to above one-twelfth of a penny per mile.

The second kind of tickets (those for one weekly return journey) cost 17 centimes for any distance up to 5 kilometres, *i.e.*, the same price as the ordinary return tickets (3rd class). But as the distance to be travelled increases, the price per kilometre drops very rapidly, until for a journey of 370 kilometres the cost is reduced to one-quarter a centime per kilometre.

The tickets mostly used, those for one daily return journey, show also the surprising decrease from eight centimes per kilometre for one kilometre journey to one-quarter a centime per kilometre for a distance approaching 100 kilometres to and fro.

Now we have to inquire how the measure is appreciated and what are its main effects. It is beyond doubt that we have to do with a measure that meets real needs. Ask the workpeople and their advocates the Socialists, ask the employers and trades-

men, and they all say that the cheap workmen's tickets are an integral part of our economic life. Unfortunately, we do not know exactly what kind of workpeople use them, and in what proportion, or from what localities they come and go. Failing general statistics, I have tried to obtain particulars regarding what was under my observation. By a special inquiry I have succeeded in getting the figures relating to the town of Liège and its immediate suburbs.¹ If you are present in the main station on Monday mornings you will see an army of about ten thousand men leaving the trains with their double linen bags containing bread, some clothes, and their various tools. They have almost all the aspect of peasants; the majority are Walloons, but a large number are Flemings, and come from a distance. Some come from more than sixty miles away.

In this army the bulk of the people seem to belong to the class of unskilled labourers, as, for instance, the miners coming from Limbourg, from agricultural parts of Brabant and of Flanders, the navvies and other men employed in public or earth-works, also many unskilled workmen of the building trades. It would be quite wrong, however, to think they are exclusively unskilled. I counted many factory employees who must get high wages, and also women employed in dressmaking establishments. On the other hand, the factories and works in Liège also send many of their workmen to various parts of the country. If a factory engaged in the manufacture of machines or lighting apparatus has to supply a customer in another town with products which require some labour, they send their men from Liège. I found that from the 1st to the 15th of June, 1906, about 500 men (488) left Liège in this way every week. Amongst them were 215 factory employees and 180 belonging to building trades, especially painters. Of course, the town workmen going into the country are almost all skilled labourers.

¹ Between the 1st and 15th of June 1906, 5830 workmen using weekly tickets stopped in Liège and suburbs and returned home every day; 4095 others travelled once a week.

Distribution according to trade:

Miners.....	1,832
Factory men	2,871
Building trades.....	1,440
Navvies and unskilled.....	1,493
Dressmakers and milliners	360
Apprentices	242
Other trades	1,167
Railway workmen	520
Total	9,925

The same conditions are obtained in Brussels, Antwerp, and in the industrial region of Hainaut. Here the number of Flemings coming to the collieries and ironworks is so large that in certain districts the terms "travelling workman" and "Fleming" are conversely used. It is not rare to find works where the majority of workmen arrive every morning, or at least every Monday, by the train. Thus in Couillet ironworks, near Charleroi, out of 2,339 engaged in the blast furnaces and rolling-mills, 1,101 only, or 47 per cent., were inhabitants of the village and immediate surroundings.

I have been fortunate enough to obtain particulars regarding the workmen employed at our largest ironworks, the John Cockerill Company's works in Seraing, near Liège, which employs more than 9,000 people; 5,130, or 53 per cent. only, inhabit the village of Seraing. Of course, all the others do not use the railway to go to their work, and many live in the neighbourhood, but, nevertheless, it will be seen that the supply of labour for such large works depends now to a great extent on workmen's trains.

If I had to sum up the main economic effects of cheap workmen's tickets, I should say that the double purpose aimed at in 1869 is on the way to be fully reached. It would be difficult to find another country where employers can more easily get cheap labour, and at the same time where workmen (at least in some trades) have more opportunities for finding work.

As in other matters, cheapening of cost of transport cheapens the price of the commodity, but no other commodity has so much and so general an importance as labour. We have here an evident attempt to make Belgium one labour market. Of course, differences arising from training, from custom and habits, and from all the various psychical causes, exist, but we see distinctly already an homogeneity of the labour market.

This effect is specially felt among that class of workmen where competition is more general and intense—namely, the unskilled labourers. In the area of the labour market of Liège unskilled labourers form the great majority of travellers. The proportion must be even larger in workmen's trains carrying Flemish miners to Hainaut, and in the trains to Antwerp, where the surrounding country districts provide the bulk of stevedores, porters, and dockers.

I find a confirmation of this view in the fall which occurred in the tickets in 1901. Not only did the increased sales noticeable in previous years stop, but there was a positive fall of about 2 per

cent. in the number of journeys. In 1902 the level only rises to that of 1900. What was the cause of this? Simply that in 1901 a serious crisis spread over the country and touched especially iron and steel works, and, broadly speaking, all trades on a large scale. This is well shown by the annual statistics of mines, quarries, and metal works. From 1899 to 1900 these show a considerable increase, and a fall in 1901 and 1902 :—

1899	198,065	workmen
1900	204,201	„
1901	202,520	„
1902	203,659	„

If we take blast furnaces and iron and steel works only :—

1899	26,896	workmen
1900	25,295	„
1901	22,909	„
1902	24,276	„

That is to say that, in a time of prosperity especially, unskilled hands from the country are attracted by higher wages in the industrial districts. But they do not come to *live* in the towns; the cheap trains allow them to remain in their villages. When the crisis occurs they are, of course, the first to be dismissed, and they simply stay at home. Therefore, the poor country districts, like some parts of Flanders and the Campine, are the reservoirs of unskilled cheap labour for industry. The “reserve army,” to use the expression of Karl Marx, instead of coming and remaining around the works in town and industrial districts, continues to live in its country homes. One sees at once how competition acts on agricultural labour and industrial labour even in the case of districts far apart. I had two interesting instances of this recently. Questioning the manager of a large ironworks in Hainaut on the effects of the workmen’s trains, I received this startling answer :—“It is not a good thing for us; my own labour population is too mobile. When our demand for labour is great we have even to send special men into the Flemish districts to induce peasants to come here and to offer them good wages. If they lived here we should have them at a cheaper rate and always ready.” Another manager of Seraing confirmed the statement that at the present time when trade is good they permanently employ men to recruit cheap labour in the country. But this latter employer recognised what the first forgot—that

their reserve army would have never been so large had it not been for the cheap workmen's trains. He concluded that without them their works could not have grown to their present size.

If we pass now to the consideration of the effect of the cheap workmen's trains on rural depopulation we have to notice at once that, if they have not stopped the much-complained-of rush from country to town, they have certainly moderated it. Belgium, although a highly populated country, is not a country of large, congested towns. The birth-rate diminishes in towns and industrial centres, especially in the Walloonland districts, but grows at a fairly good rate in rural regions, especially in Flanders.

Our agricultural population does not diminish as in other countries; in 1880 it was 1,199,000; in 1895 (last census), 1,205,000. Perhaps since that date there is a little change, but it is to be doubted whether the rush to the towns has made rapid progress. Nevertheless, it is a fact common to Belgium and to other countries that agriculture wants labour.

At an agricultural Congress held at Namur in 1901 an agrarian member of Parliament, Mr. Delvaux, violently attacked the cheap workmen's tickets as being the cause of the dear labour in the country. He said these tickets acted as an attraction to the peasant to leave rural work, and he was not far from demanding the repeal of the reduction in railway fares. It was replied that, on the contrary, cheap railway tickets retain the people in the country, which otherwise they would have to abandon for town. The question of inducing the labourers to stay and work in the country is one of the wages which the agriculturalists can offer them. At any rate, the labourers are more likely to turn to agricultural work than if they had left the country altogether and gone to live in the town. Of course, as Mr. Vandervelde says, agricultural labourers conveyed to the town by cheap railways are temporarily lost to agriculture; it is often the first step to a complete separation, but it is not a definite divorce. It is difficult to say in what proportion these workmen have been obliged to live in towns or in the surroundings of the works, but no one denies that cheap tickets must have this important effect of allowing more people to live in the country.

First, owing to the cheaper rents, more workmen, who have to hire their houses, remain or go in the country. But many of the travelling workmen are even owners of their houses. There are amongst them two kinds of proprietors—first, old-established peasants, proprietors of a rural business, sons of little

farmers, for whom agriculture is no longer able to bring in enough ; secondly, those who have recently become proprietors, sons of agriculturalists, who are from the beginning industrial workmen, who will never be farmers, but who can live in the country and become owners of their homes owing to the great facilities which have been granted in Belgium during the last fifteen years.

It is well known that the Housing Act of 1889 accomplished marvels in Belgium. It permitted the great General Savings Bank (under the guarantee of the State) to devote a portion of its deposits to lending money to workmen who intended to build their houses. Thus the savings of small people return to small people to help them. The Caisse Générale does not lend directly to workmen ; it requires the medium of local "guarantee societies," which are responsible to the Caisse. At the same time a very ingenious and cheap combination of life insurance secures to the workman, his wife, or heirs, the ownership of the house in case of the death of the head of the family.

The law of 1889 was the beginning of a very remarkable growth of opinion. We can say that the political parties have endeavoured to promote the building of independent homes by workmen, with zeal and generosity. Now, 170 credit societies are recognised by the Caisse d'Epargne, which has lent through this medium more than 60 million francs. It is estimated that altogether about 160 million francs have been spent in fifteen years in Belgium for building workmen's houses, and that at least 60,000 families now enjoy the independent possession of their homes, owing to the operation of the Act of 1889.

Now I consider it is a well-established fact that the building of the new houses is carried on more largely in the country than in the towns. The reason of this is obvious—building is dear in towns ; it is cheap in the country. No doubt all this must attract the workman who intends to build to the country. On the other hand, the proportion of agricultural workmen who build their houses under the provisions of the Act of 1889 is very small in comparison with industrial workmen. These are, and must be, clients of the railways. Thus the cheap trains come to help the action of the housing movement in a manner that can only be approved of, since it checks the congestion of centres.

As a natural consequence of this situation, it is to be noticed that the price of land and of rents must have tended towards the same relative equalisation as has been observed in the case of wages. Rents in towns are not so high as they would have

been had it not been for the cheap trains, and in the country rents must have been maintained at a higher level than that which they would have reached otherwise.

I cannot help seeing in the cheap trains other things besides this considerable assistance to our splendid housing movement.

Go through our provinces, and you will be struck by the number of little, new, one-family houses. They are the tangible results of the law of 1889, and also of the consequent attention paid by everyone to this most important question. Now, we must confess that, broadly speaking, it is not without danger for a workman to build his own house. He is no more free to move from place to place to seek employment. Often the building of workmen's houses by employers is a means of binding them to him. Against this inconvenience may be placed the cheap railway tickets, which allow the owner-workman to be almost as free as the tenant-workman.

Let us now consider for a few moments some of the moral, political, and social aspects of the question.

I consider, also, the workmen's trains as a distinct means of enlarging the mental capacity and education of a large part of our remote rural population. Our people are, in some parts of Flanders and the Campine, very ignorant. Education is not compulsory in Belgium, and the proportion of illiterates is high. So, for a peasant who has never left his village, to go to work in a town is the opening of a new world. What are said to be the good effects of compulsory military service in France and Germany—namely, the mixing of the populations of distant districts, the knowledge of fellow-citizens of other races—is accomplished in a certain measure in Belgium by the workmen's trains. The Flemish peasants especially learn in this way to know the Walloon district. Railway travel is also an opportunity for reading, and the elements of reading and writing, learned in elementary schools, are so preserved from falling into neglect, which often occurs in the country population.

Last, not least, a political effect of some importance is to be noticed. Workmen's carriages are very good opportunities for the Socialists to spread their doctrines. In the midst of the smoke of pipes conversations spring up, jokes, songs, often repeated, are quickly learned, and all this leads, little by little, to political discussions and speeches. In fact, many Socialist leagues in isolated rural districts owe their origin to the daily or weekly journeys. It was a surprise to more than one candidate in so-called rural divisions to see the progress of the Socialist idea. It

was due to the change which had occurred in the occupation of these men : they lived in the country, but had become purely industrial workmen.

This action is so well known by the Socialist leaders that Mr. Vandervelde once greeted the Minister of Railways as the first Socialist propagandist of Belgium.

Although this effect is distinctly against the interests of the Government, there is no reason to think that the workmen's tickets could be suppressed or rendered more dear.

Socially and economically, we are face to face here with an elementary force—just that force which welds into a nation people who had hitherto been living separately and apart, a nation where personal reactions are more numerous and more intense. On the whole, it increases what may be called the “social density” in our commonwealth. We have every reason to believe that it is raising the standard of life of a great part of the people.

ERNEST MAHAIM

REVIEWS

English Local Government from the Revolution to the Municipal Corporations Act: The Parish and the County. By SIDNEY AND BEATRICE WEBB. (Longmans, Green, and Co., 1906.)

MR. AND MRS. WEBB have, after eight years' labour, published the first volume of their study of English Local Government. Their present plan is, they tell us, to issue five volumes in all, and this instalment is confined to the constitutional (as distinguished from the functional) history of two institutions, the Parish and the County.

To professed students of political science their method is likely to be as interesting as their results. They are dealing, as they were when they undertook the study of Trade Unionism, with a subject on which hardly any preliminary research has been done. In such fields they have developed a method (originally, I believe, suggested by Mrs. Webb's experience while working for Mr. Charles Booth twenty years ago) which may be called the quantitative examination of individual variations. Instead of describing a single type or using any loose expressions such as "average," they push their actual inspection of individual instances "up to the point where further researches seemed to bring us nothing but repetition." From that point every selected instance is given, not only accurately as a mere matter of quotation, but with a careful estimate of its statistical relation to the whole. Such a method is, of course, tremendously laborious, and has involved in this case the regular daily work of about five people (the writers and their skilled assistants) for eight years. If ever our universities become places of systematic and subdivided research, and if ever the books of university professors are written, not in the vacations as a relief from the drudgery of teaching, but in term time as a result of organised learning by themselves and their students, the arrangement, as well as the contents of the fifty thousand slips

which will be deposited at the London School of Economics after the publication of this volume, will be worth studying. Future researchers will, however, realise that such a method does not produce scientific results of itself. Directors and assistants alike must think every day as hard and systematically as the writers and their assistants have done about the hypotheses which are to become scientific results, and must as freely and loyally communicate their thoughts to each other. This condition may indeed require in the older universities a complete transformation of the undergraduate and of his relation to the professor.

But the reader of a review demands not only a description of the method of a book, but a summary account of its results. This is peculiarly difficult in the case of the Webbs' books, because they often reveal for the first time the existence of the problems of which they for the first time offer a solution. But perhaps the book may be conveniently described as an expansion of the old saying that the English constitution "has grown and has not been made." Gneist, the only serious predecessor of the Webbs, described the Local Government which the English Parliament intended to make; they describe that which actually grew. The constitution as "made" by Parliament was, indeed, based on that almost universal political fallacy, the assumption of human omniscience and perfection. The King, of his own knowledge, was to appoint omniscient Justices of the Peace for every district. The Justices were to choose omniscient and impeccable overseers and way-wardens, who were to submit their accounts to a vestry meeting of "the inhabitants," who were all assumed to have, like Dogberry, "two gowns and every-thing handsome about them." In actual fact, the King had to choose on someone's nomination, and the whole character of the Justices of the Peace changed when he accepted the nomination of the principal landowner of the Shire (as *Custos Rotulorum*), instead of that of his judges. The Justices did not know of themselves, and would not take the trouble to learn, the character of everyone in their district, and so parish officers were chosen either by rotation, or by the nomination of their predecessors, or by a vote at the vestry; while others escaped the burden by a bribe to some petty messenger, or other corrupt receiver of illegal fees. It was assumed that all the Justices of the County would come to Quarter Sessions, and would be able to do, as an undivided body, an infinite amount of detailed and difficult work. In fact, three or four magistrates used to assemble at a public-house and take at four in the afternoon a dinner which

rendered them unfit to do any more work until they had slept; while their work was either left undone altogether, or done by individual magistrates (whose industry was not necessarily combined with mercy and judgment), or by a more or less corrupt clerk. It was assumed by Parliament that all England consisted of the estates of country gentlemen, and that all country gentlemen were public-spirited demigods; and that assumption resulted in the growth of Goldsmith's "human hyenas," the trading magistrates of London, and in the absence of any acting magistrates at all throughout crowded manufacturing districts. The majority of the "inhabitants" everywhere were, in fact, either agricultural labourers, who very wisely did not dare to intrude on their betters, or urban working men, who turned the vestry meetings (which were also assumed to be able to do an unlimited amount of public business without organisation) into riotous public assemblies at which no business at all could be done.

The process of "growth" as here revealed is enormously interesting to the student of ordinary and extraordinary human nature, and when it was observed by a humourist like Burn, or Fielding, or Defoe, it suggested some of the finest passages in the whole literature of sarcasm. But as a method of constitution making, it had certain obvious faults. Men, when they are engaged in an exciting game, do not stop to consider whether they ought to change the rules. When the paupers were oppressed by the overseer they either tramped off to find a friendly or gullible justice, or, as the spirit of independence began to spread in the nineteenth century, burnt the overseer's stacks. When the overseer found that his parish was burdened with settled poor, he did his best to thrust them off on some other parish, and produced for two hundred years a parochial *bellum omnium contra omnes*. When the Radical Manchester manufacturers found that the local government of their town was a corrupt Tory machine, they did not think out a complete new local constitution for England, but collected some thousands of their hands into the great church, and used the legalised violence of the open vestry as an obvious weapon against their enemies. The changes which locally and spasmodically appeared in the structure of government were the half-conscious results of pressing difficulties. The magistrates elected a Chairman at Quarter Sessions in order to prevent themselves from all talking at once, and found after a generation that they had made a judge. An open vestry controlled by an exceptionally able man with business habits and a voice like a fog-

horn would appoint a committee to look into some financial question, and might perhaps fall into the habit of appointing committees year by year. But all was uncertain, local, and, to use the Webbs' convenient term, "extra-legal." No parish or county learnt much from the experience of any other, and a cantankerous inhabitant or magistrate with a little knowledge of law could often destroy a working arrangement simply by insisting on his legal rights, just as the Dukes of Argyll and Somerset invaded the newly developed Cabinet in 1714.

It may be insisted that all this is simply a description of the necessary process of political invention—that if at any time in the period a really powerful Government had made a local constitution according to its best lights, that constitution would only have been a reflection of the past, a revival of the manorial courts, a systematisation of forced service, or a more logical development of religious or aristocratic privilege. In so far, it may be contended, as the reformers of 1828 to 1835 had the idea before them of representative local assemblies directing paid officials through standing committees, it was because such things had been thrown up among the millions of blind accidents which are the only basis of political invention, as they were, indeed, till the other day, the only basis of industrial invention. The comparison suggests an answer. Physical science could not produce industrial inventors as long as it consisted either of disguised metaphysics or the mere classification of unquantified types, and political science will not produce constitutional invention until it has emerged from the same stage. As long as the study of history consists of the memorising of a little dribble of facts about Kings and Ministers, and political science the easy criticism of dead theories of the State, political invention otherwise than by blind accident is impossible. It will only be when politics are served by students whose numbers, zeal, and system are comparable to the servants of the physical sciences (and the progress of the science of economics already makes such a prospect not incredible) that the alternative of rule of thumb on theorising without knowledge will be no longer necessary. The life-work of Mr. and Mrs. Webb will have done something not inconsiderable to help in such a change.

Meanwhile, one can promise the student of to-day that he will find the book a real source of immediate pleasure. The writers have resisted the tendency, which some of us thought we noticed in their *Industrial Democracy*, to create new technical terms by spelling non-technical phrases with capital letters. The sheer

literary value of some of the indignant or bewildered outbursts which they quote from pamphlets and minutes is often delightful, and they retain throughout their own sense of humour and proportion.

It is perhaps refreshing to find that, like Dr. Johnson, they do not let the "Whig dogs" get the best of it. With hardly an exception, English constitutional history has been hitherto written from the Whig point of view. The writers avoid that danger with obvious success, and, indeed, one is tempted sometimes to suggest that the Whigs get a little less than fair treatment, and that the opponents of Church Rates and Occasional Conformity Acts were not mere drawers of red herrings across the path of social reform.

The rare historical student who approaches this book with an eager desire to know the origin of the select vestry, of "Petty Sessions," of the jury, of constables, and the "Court Justice" at Bow Street, will find his doubts resolved. And the working politician who is dealing to-day with the results of the "Self-government" of 1689 to 1830, as still seen in agricultural hamlets and urban slums, will learn that, however dangerous deliberate political invention may be, the contempt of it means national disaster.

GRAHAM WALLAS

Interest and Saving. By E. C. K. GONNER, M.A. 8vo. Pp. 172.
(London: Macmillan and Co., 1906.)

WHAT influence is exerted on the accumulation of capital by the system of interest-payment? This is the question the discussion of which in its various aspects occupies the greater part of Professor Gonner's little book. In order to reach any conclusion on the point, the process of saving is analysed in respect of the motives which, at different times, and among different groups of persons, stimulate to the accumulation of wealth, and affect the industrial use of the accumulated store. In the course of his discussion, the author dwells on the conflicting tendencies of different motives, and arrives at the conclusion that the effect of the motives, which lead to increased accumulation with reduction of interest, is, under existing conditions, probably great enough to balance or outweigh the effect of those with an opposite tendency. The conclusion hardly seems justified by the evidence, though it may be granted that the degree of importance of the group of

motives in question has been very commonly underestimated. It appears to us that, to some extent, the same acting motive is made to duplicate itself, and the case for interest as a restraining influence on accumulation given the appearance of greater force than it actually possesses. We are certainly not convinced that the force of the argument offered is sufficient to warrant the somewhat considerable superstructure which is made to rest on the conclusion reached as to the quantitative relations of interest and the volume of available capital.

It may be granted that a large part of the accumulation which does actually take place would not be checked, some of it might even be stimulated, were no interest obtainable on capital loaned or used. But this conclusion appears to conflict only in the most trifling degree, if at all, with the general belief in interest as a stimulant to larger accumulations. And it might be permitted to add, in this connection, that when our author makes reference to the possible necessity of a certain minimum rate in connection with some phases of his problem, we find it difficult to grasp his precise meaning. The phraseology employed is a little elusive, and we have not been able to translate it into precise terms free from ambiguity.

To discuss fully the reasons for differing from Professor Gonner would require almost as many pages as those in which he sets forth his views, and we are limited in the space at our disposal. It may be noted, however, that our author dispenses with a definition of capital, and is not entirely consistent in his use of the term. He contrasts capital and reserve stocks (pp. 20, 22), and again, capital as capital and capital as reserve (p. 28); and clearly regards "goods suited for immediate satisfaction" as excluded from the category "capital" (*e.g.* pp. 57 and 87). The exact limits of the concept of capital have, however, only an indirect bearing on the main contention of the essay.

A very distinct belief is expressed that the marginal utility of capital is expressed by a rate of interest different from that which would suffice to evoke the actual supply, and permanently in excess of this latter rate, without bringing into operation any influences whose effect would tend towards reducing the divergence. The former rate is that conceived as uniformly paid. Thus a marginal postponer's rent is arrived at, as well as intramarginal postponers' rents. One and the same rate may, it is contended by our author, serve to evoke several different supplies of capital, and, apparently, only incalculable and accidental causes determine which of these several supplies will be actually forthcoming when

that rate (or a rate exceeding this by the amount of the marginal postponers' rent) is supposed to prevail.

No theory of a stable equilibrium of supply and demand in the matter of capital seems to commend itself to Professor Gonner. The latter part of his book is devoted to a criticism of current theories of distribution in their relation to the point in question. After rejecting various views, the one presented for acceptance is that, in the division of the earnings-and-interest fund, revived for the purposes of this discussion, labour has a claim more effectively enforceable than capital. This conclusion is made to depend on the existence of the standard of living as a point of resistance for labour. One might ask in what sense such resistance can be enforced permanently? Can it be enforced otherwise than by such withdrawal of labour from co-operation with capital as will relatively diminish the supply of labour seeking employment? A slackening of the rate of increase of population, or a stimulation of the rate of growth of capital, appear to be the alternative ways of bringing about the result under consideration. So long as the owners of labour power are compelled to agree with the controllers of capital in order to find opportunity for working, an excess of labour supplied may cherish what standard of living it pleases above that on which its continued existence and efficiency strictly depend, but the power to break down that standard exists—whether the will to exercise it be present or not—in the hands of the controllers of capital. We confess that the alleged superior enforceability of the claims of labour on the fund divisible between wages and interest does not appear to be fortified with sufficiently cogent arguments. The conclusion is presented as the only alternative to a mere haphazard division of the joint product. But the rejection of the various alternatives depends on the acceptance, as proved, of the doctrine that increase of interest tends to restrict, or, at any rate, not to increase, accumulation. Possibly we may have failed to understand fully Professor Gonner's contentions, as it appears to us that he has not fully comprehended some of the views he rejects. Some features of our author's criticism might be examined more effectively had his plan of writing permitted him to give references to those whose views he summarises for the purpose of controverting them. His rejection of the treatment of distribution on the analogy of exchange, for example, might appear in a different light under such treatment. According to his own exposition, wages and interest seem to be questions of demand and supply, and are thus, surely, problems of exchange. With the best will to see the reasonable-

ness of the contentions of a writer whom we respect, and with much admiration for the obviously very careful study given to an intricate and interesting problem, we record our conviction that the case is not made out for overthrowing the current theories of distribution. A useful service will have been rendered by the writer of this little volume, even if his conclusions be not shared by his readers, for the book will assist in stimulating discussion in this country of some problems which our writers have been too ready to leave inadequately examined, or, if adequately treated, then by others than our fellow-countrymen.

A. W. FLUX

Manuale di Economia Politica, con una Introduzione alla Scienza Sociale. PARETO. Pp xii. × 579. (Milan : 1906.)

" FAITH is the only powerful stimulant to human action, and therefore it is far from desirable, in the interests of society, that the majority of mankind, or even any large numbers, should handle social matters scientifically. Hence there is a conflict between the conditions of action and the conditions of knowledge, which furnishes a fresh proof of the lack of wisdom of the apostles of the universal and indiscriminate extension of knowledge." These frank and characteristic words appear on p. 119 of Professor Pareto's "Manuale," and they are illustrated in a note, from which we gather that it is probably desirable for the majority of Englishmen, for instance, to think England superior to Germany, and for the majority of Germans to think Germany superior to England; whereas the co-existence of these two opinions (together with its beneficent results) is absolutely impossible in the light of science. If this were so, Professor Pareto need not be deprived of his rest by any dread lest his own manual should produce a practical disaster by too widely extending the area of economic and sociologic knowledge; for it is difficult to believe that even on the Continent there is any large number of students who will be able to master its extraordinarily condensed and abstract exposition of economic science. In any case, however, we cannot help thinking that the author himself stands identified with a deep and far-reaching principle that disarms the contrast he alleges between the conditions of enlightenment and those of efficiency; for Pareto, more, I suppose, than any other economist, has taught us to realise and keep in view the fact that the marginal significance of any object of desire is, as a general rule, a function not only of the quantity we possess of that object itself,

but also of the quantity we possess of many, perhaps of all, other objects of desire. He has shown us, and in the present work he insists more than ever, that if we separate out any phenomenon A for examination, and pursue our speculations to a point at all remote from any given concrete position, we must at once check our results by examining the corresponding changes in B, C, D, &c., which will probably accompany it; or, in his own terminology, we must never carry our analysis far without checking it by synthesis.¹ Now in the present case it is surely grotesque to speculate on a condition of society in which the majority of mankind should be able to meet the exceptionally high demands which Pareto makes on those who pretend to scientific knowledge of economics, and should at the same time remain in essentially the same position which they now occupy with reference to stimuli to action. An educational and intellectual revolution such as no one (unless, indeed, it be Auguste Comte) has ever contemplated could not conceivably take place without being accompanied by other changes in the social organism which would induce a situation so unlike the present, in all respects, that we have hardly a gauge by which to measure the relations and reactions which would then exist. But it seems safe to anticipate that action would no longer be dependent on gross national illusions. The attempt to spread economic knowledge may be vain, but it is hardly dangerous.

The present reviewer cannot venture on more than a provisional criticism of the "Manual" as a whole, for he is only too well aware that the novel and concentrated treatment of economic problems which it offers presents many points which he has not yet fully grasped or assimilated, and he looks forward to a long period of continued and intensified study, and probably to the exposition and comments of other students, before attempting to estimate its full significance; for it is a work which is likely to modify and stimulate economic thought to an extent quite disproportionate to the number of its readers. It will probably be understood by few, but everyone who understands it will be influenced by it. The provisional judgment, however, which the perusal of the book suggests is already indicated in what we have said above. It is its strength that it carries Pareto's

¹ By the direct application of this principle Prof. Pareto exposed (in his *Cours* and in his *Anwendungen der Mathematik auf Nationalökonomie*) the fallaciousness of some of the reasoning in my own "Co-ordination of the Laws of Distribution." And it was by an implicit application of the same principle that Prof. Edgeworth performed the same task elsewhere. I should like to take this opportunity of acknowledging the justice of both their criticisms.

own principle a notable step further, and it is its weakness that it does not carry it far enough. The marginal significance of A is not a function of A alone, but a function of A, B, C, &c., and when this principle is driven through to its legitimate conclusion, we shall understand the impossibility of drawing a line between economic and non-economic phenomena; for it is impossible to carry an economic hypothesis far from existing facts without becoming aware that the reactions between economic and social conditions cannot be set aside as merely secondary; and it is impossible to raise the treatment of economic alternatives to any degree of abstraction (as by the diagrammatic or mathematical method), without perceiving that we are in reality dealing with a *psychology of choice*, the application of which extends far beyond economic problems. Both directly and indirectly, Pareto's book brings us a long way towards this conclusion. It opens with a general Introduction to Social Science; it goes on to a treatment of economic problems more abstract and general, probably, than has ever hitherto been presented, wherein we hear nothing of consumption or distribution, and very little of production, but in their place are led to examine the "balance of desires," the "obstacles" to their gratification, and the resultant equilibria. We find ourselves not exchanging and bargaining, but "ascending the hill of pleasure" by a "path" and to a "point" prescribed by the "obstacles." The whole scheme is sketched out in what may be regarded as the central chapter of the book, and it is further elaborated in three following chapters, in which more concrete illustrations and considerations are introduced. Then follows a chapter on "Population," dealing not only with the problems one would expect to find under that heading, but with the laws of movement and balance between the various strata of society, the range and distribution of incomes, and so forth. And finally, after some remarks on real and personal property, we reach the concluding chapter, in which the reactions between economic movements on the one hand and political and social movements on the other are carefully studied. Every page is original and suggestive. A mathematical appendix closes the work.

This sketch, however, taken by itself, would give a false impression in more respects than one. In the first place, the opening chapter is designed to emphasise not the connection so much as the difference between the methods of sociology generally and of economics; and it is designed to lead up to a definition of economics which will enable us to submit them to closer and

more scientific methods than are applicable to the other and vaguer branches of sociological study. Pareto, therefore, is by no means inclined to obliterate the boundaries of economic science. In economics, he says, "We shall study those actions of men which are logical, repeated, and numerous, and are undertaken to secure the things which satisfy their desires" (p. 142). The term "logical" indicates a mental connection between phenomena which has been brought into close approximation to the objective connection actually subsisting between them. But although our author repeatedly insists that all divisions and definitions are artificial, since the actual phenomena of life vary continuously (*natura enim non facit saltum*), yet he hardly seems to realise how very much this definition must be stretched if it is to include more than a very small part of the actual phenomena of the business; nor does he show any consciousness of what an immensely greater area is covered by his diagrams, his "curves of indifference," his "hills of pleasure," and his "paths of ascent," than is covered by his definition of economics. May it not, indeed, be doubted whether there is ever room for frequent repetitions of choice on a large scale while the objective relations (including in this connection those relations between subject and object which are *experienced*, as distinct from those which are *anticipated*) remain constant?

Again, the central chapters of the work are not so closely knit together as might be gathered from our sketch. The details and acute observations in later chapters are not brought to bear with sufficient directness upon the abstract formulæ of the general treatment. They often stand apart from them, much as was the case in the author's previous "*Cours d'Economie Politique*," and in general far too little is said by way of explanation and justification of the forms of the curves which are assumed in the text and sometimes expressly formulated in the appendix.

It must be added, in conclusion, that while the purely abstract portions of the book are written with dignity and calmness, passion is but too clearly manifested elsewhere by the free use of sarcastic and pejorative epithets. And the fact-cited to show the pernicious lengths to which certain modern tendencies may be carried would be more impressive were they not discounted, to the English reader, by the presence in their ranks of such items as the following: "When [in England] elections are coming on, the candidates do not blush to send their wives and daughters to beg for votes, and to offer their hands and lips to a gross and unwashed populace" (p. 140). In 1904, we

are told, the Conservative Government, in expectation of an election, "gained the sanction of the House of Commons to a law relieving the Trade Unions of all responsibility connected with the strikes they promoted, and empowered the strikers to persecute blacklegs with impunity, giving it to be understood that this was but a small earnest of future and greater concessions" (p. 449).

PHILIP H. WICKSTEED

Studies in American Trade Unionism. Edited by JACOB H. HOLLANDER, Ph.D., and GEORGE E. BARNETT, Ph.D. (London: Hodder and Stoughton. 1906.) Svo. Pp. 380.

To the anonymous donor of the funds necessary for the inquiry, of which this noteworthy volume is the outcome, students of economics on this side of the Atlantic will be no less grateful than those zealous members of the Economic Seminary of the Johns Hopkins University who were thus enabled to give practical effect to the ideal set forth by Professor Hollander in his illuminating introduction. He describes it in appropriate language as a "deliberately planned, diligently prosecuted investigation" of a subject of "vital importance." Without such opportune pecuniary aid it would probably have been impossible to place this large mass of valuable material at our disposal. To the general public, indeed, for whose demands the ordinary publisher is naturally anxious to cater, the thoroughness characterising the different contributions made to the book might prove unattractive, and the authors have not cared to arouse the jaded interest of the casual reader by exaggerated colouring or strained perspective. They have written in the main for painstaking students like themselves, who are prepared to lend a sustained and intelligent attention, and they have endeavoured to ascertain and present the actual facts freed from any distracting ornament of rhetorical setting. Some amount of repetition may be discovered, and is probably inevitable in all such cases of combined authorship; and, although Professor Hollander urges with some justification that the essays ~~may~~ be regarded as a "logically related series," and not merely as "disconnected studies," yet he appears to us to have rendered probable rather than proved his thesis.

The earlier essays, as he states, may be considered to deal with the *structure* of trade unions under the distinct though connected topics of their government and their fiscal organisation. The Typographical and the Cigar Makers' Unions supply illustrative examples of the first, and the Iron Molders' Union is taken as the

typical instance of the second. From trade union *structure* we proceed to trade union *function*. The primary function is "collective bargaining," and Dr. Hollander argues that by treating of the "minimum wage" in the Machinists' Union in Essay V., of collective bargaining in the Typographical Union in Essay VI., and in the two following essays of employers' associations, and of trade agreements in the Iron Molders' Union, the several aspects of this primary function are considered in "logical succession." In the ninth and tenth essays, which deal with apprenticeship and trade union rules in the building trades, other "particular" functions are, he says, discussed; and the eleventh essay, on "The Beneficiary Features of the Railway Union," describes a "typical activity of social rather than economic significance"; while the final essay, on the "Knights of Labor and the American Federation of Labor," in which their differences of aim, constitution, and method are instructively set forth, carries us from the local and national organisations hitherto investigated to the "highest or federal type" of labour association.

It will be noticed even from this summary that certain unions, such as the Typographical Union and the Iron Molders' Union, are utilised for more than one purpose in the scheme outlined by Dr. Hollander; but we may nevertheless agree with him that the studies as a whole "suggest a fairly graphic picture of the constitution and activity of typical American labor organisations." They are not, we think, easy reading when taken separately; and the thread of connection between the successive essays is, in spite of the opportune aid of Dr. Hollander's introduction, not immediately obvious. But of their impartiality and of their thoroughness it is impossible for the careful reader to entertain a doubt; and, while in all such compilations there must be some inequality, no candid student will readily question the competence of the several investigators for the successful achievement of their particular tasks. They demonstrate beyond possibility of refutation the great usefulness of such an Economic Seminary as the Johns Hopkins University is fortunate enough to possess. Their laborious work, Dr. Hollander tells us, began with the collection of the documents which were to form the basis of the inquiry; and in 1903, under the editorship of Dr. Barnett, who is his colleague both in the publication of this volume and in the instruction of students, a "trial bibliography," containing some two thousand items, appeared. This has since been supplemented by additions of half as many again in number, and this "co-operative activity" of the Seminary as a whole was accompanied by the

detailed investigation of some one selected aspect of the trade union question by each individual member. He acquainted himself with the secondary material which was available, and afterwards studied the actual conditions existing, first in the neighbourhood of the University itself and then in more distant localities. Nor, although one union was in each case selected for special examination as typical, was the experience of other unions in connection with the particular aspect of trade unionism under consideration neglected. Such was the painstaking method according to which the inquiry was planned and conducted; and it deserves to be noted, for it may justly be regarded as a pattern to follow. The ideal sketched in Dr. Hollander's introduction would alone suffice to interest economic students in this volume; and it presents the additional interest that the ideal has now been realised in actual fact. With such an able and acute overseer, and such willing workers using such effective instruments, we cannot be surprised that the final output is so satisfactory.

The harvest which has been gathered is rich indeed, but it hardly admits of being counted and weighed in the necessary limits of this review. The facts are there for readers to study for themselves, and all that can be attempted now is a brief indication of some general conclusions which seem to be warranted. That, in Dr. Hollander's language, the "labor problem" is "the dominant economic concern of the American people" at the present moment is the belief of many observers on this side of the Atlantic. They are equally convinced that of the labour problems confronting the American industrial world "trade unionism is far and away the most important." They may also think that in this matter the experience gained in England serves to indicate the most likely lines of development in the United States, for they may hold that in certain directions—and those not the least important—we have emerged on the farther side of difficulties which the Americans are beginning to encounter. It is, in truth, hardly an exaggeration to say that, as regards the attainment of what is generally known, and described in the course of this book, as "industrial peace," we are a "generation ahead" of the United States. Hence we have not been surprised, in reading the descriptions given in these essays, to note how frequently the greater part of the evidence relates to developments which have become manifest during the last few years alone. On this very account a certain disproportion of space may seem to be allotted in some instances to the noteworthy incidents of the short interval which has elapsed since the beginning of the present century, and move-

ments which are as yet in the initial stages of immature infancy are perhaps occasionally treated as if they were placed beyond possibility of reversal. Employers' associations, for example, it is evident, in the sense of associations prepared to negotiate with trade unions for the settlement of wages, are few and recent.

The other general conclusion which we think may be legitimately drawn from these studies is that in the main the solution of the different problems of American trade unionism has been, or will be, found along the lines pursued by trade unionism in this country. It is certainly the case that centralisation has not only brought increased strength, whether in the particular matter of finance or in the general business of administration, but that it has also fostered a growing sense of responsibility and prudence on the part of the central executive, and furnished the only effective means of substituting enduring pacific arrangements for harassing repeated and often unsuccessful strife. The American temperament indeed differs from the English in certain particulars, and these differences are reflected in their trade unions as in the other institutions of the two countries; and the general circumstances of the United States, with the constant stream of foreign immigrants which has hitherto flowed into the country in increasing volume, have rendered the formation of abiding unions a difficult if not impossible task. On the whole, too, individualism is still a far more potent force in the United States than it has become in the United Kingdom. But along with these differences certain broad similarities are discovered; and again and again in perusing these essays the English student of trade unionism will be struck by the appearance of questions familiar to him, and he will see that they have been settled in much the same way in the two countries, or are now at any rate in process of solution in America on lines which have been for some time more widely recognised in England as possible or right.

L. L. PRICE *

The Relations of Rents, Wages, and Profits in Agriculture, and their Bearing on Rural Depopulation. By J. S. NICHOLSON. (London: Swan Sonnenschein and Co. 1906.) Crown 8vo. Pp. viii+176. Price 2s. 6d.

In this, the last of the series of Gilbey Lectures which he has been delivering at Cambridge, Professor Nicholson has not perhaps made so direct a contribution to the vexed controversies of the day as those furnished in the two earlier volumes, published

in 1904 and 1905. In his preceding courses he lent the compelling force of reasoned argument, detached from *parti pris*, to the correction of popular misunderstandings respecting the true motives and precise effects of the Corn Laws, and the actual history and real equity of taxation of land; and thus, at an opportune moment, he was enabled to render substantial service to the cause of accurate opinion on questions debated by the public at large with excessive heat and deficient knowledge.

By giving similarly the enduring form of publication as a book to his final course he has completed his treatment of agricultural economics. He has, we think, in this case placed professed students of economic history under special obligations, for in the first three chapters he has supplied a lucid conspectus of the main lines of development of agricultural rents, profits, and wages through six centuries of English history; and it would be a task of no little difficulty were they to attempt to piece together from scattered sources the information which Professor Nicholson has here collected and arranged. It need hardly be added that he has known where to seek for authentic material, and that he has not failed to discriminate in the use made of his authorities. The felicitous employment of Adam Smith's incidental remark that "farmers in England had much better security than in any other country" to refute or modify the characteristic severity of the comprehensive sentence passed by Thorold Rogers on the "rapacity" of landlords, might be quoted as an illustration of the judicial independence of the views advanced by Professor Nicholson. The hint that the old "land and stock lease," which was so important a factor in the evolution of mediæval English agriculture, might possibly be revived in some shape or other as one means of overcoming certain serious obstacles which now confront the creation of small holdings, is no inappropriate instance of the suggestive freshness of the observations on popular topics which he makes by the way.

But it is in the fourth chapter of his book—that on rural depopulation—that he comes most obviously into conflict with misapprehensions current among the general public. And here he certainly succeeds in showing, by careful reference to the statistics of the present and the records of the past, that the magnitude of rural depopulation has been greatly exaggerated and its causes and significance misunderstood. It is not surprising that so cool and informed an observer should abstain from the hasty advocacy of small holdings which commends itself to many agricultural reformers to-day as the sure remedy which can be

instantly and generally applied to stop this depopulation. Here as elsewhere a tepid douche of reason is perhaps needed to temper some ignorant if amiable enthusiasm. It is the ungrateful but necessary task of the economist, statistician, and historian to administer this corrective: and it is done with expert ease by Professor Nicholson, the more effectively because he is not an opponent of moderate reform in this or in other promising directions in agricultural affairs.

L. L. PRICE

Robert Owen. By F. PODMORE. (London: Hutchinson. Two vols.)

THIS book is prefaced by two apologies for its existence: one that G. B. Lockwood has written one or two recent books about Owen's communistic colony at New Harmony (U.S.): the other that some hundreds of letters by or to Owen, and dated subsequently to 1823, at which date Owen's autobiography ends, have been recently unearthed. The correspondence is not of first-rate interest: and Mr. Browning's labours have not thrown light on some of the essential problems of New Harmony. How was civil justice administered? Why did the *New Harmony Gazette* advertise forms of summonses, *ca. sa.*, and *fi. fa.*? How was it that partition actions were brought by New Harmonists or their heirs before the Circuit Court? If Queenwood was blown to pieces by *Pare v. Clegg*, how could New Harmony survive similar whiffs of grape-shot? Indeed, some sceptics doubt whether New Harmony differed widely from many other infant colonies. There was the same loss of founders' capital, the same capacity to live on capital, especially other people's capital, for a year or two, the same absence of coin, the same general store, and the same necessity for some unremunerated common labour. True! the New Harmonists were the second instead of being the first settlers at New Harmony: and their interminable debates and everlasting dances are apt to recall descriptions of savage tribes rather than of colonial pioneers: and perhaps the greatest novelty was Owen's triumphant announcement to the New Harmonists that on July 4th, 1826, the first year of mental independence began, because it was then and there that "the three-headed hydra"—irrational religion, private property, and marriage of the old-fashioned kind—was finally overthrown. History, alas! is silent on the effects of this glorious victory over the third of the three Aunt Sallies. Indeed, Mr. Podmore, in referring to the dawn of Mental Independence, does not think it worth while to explain to the reader

the triple meaning which these latter-day Independents attached to their newly-won independence. It need hardly be added that no aspersion has ever been cast on the family life of Owen or of his immediate kith and kin : but his doctrines must surely have exposed a new colony to solvent and corrosive influences from which most new colonies have been exempt.

If the book depended for its justification on these two apologies its condition might excite anxiety : but in truth a life of R. Owen needs no apology ; and Mr. Podmore has, on the whole, discharged his task with scholarly criticism and patient research. Owen was the one source so far as England was concerned—of infant schools, factory Acts, and co-operation. Mr. Podmore's account of New Lanark—the first home of infants' schools and of the factory Acts—travels over old ground, but the subject is ever fresh, and its treatment by Mr. Podmore is excellent. On the first beginnings of co-operation, and its complication with communisms and moneyless labour exchanges, there was nothing of importance to add to what Miss Potter, Benjamin Jones, and others have written, yet here, too, the interest of Mr. Podmore's book never flags, and in the Queenwood experiment the recently discovered letters stand him in good stead.

Having praised we may perhaps be allowed to blame, and such small blame as we have to deal is concerned with the obscure and often unanswerable question of the connection between Owen's movement and kindred movements. Mr. Podmore's refusal to see any link between Fourier and Owen is short, sharp, and decisive. "It is perhaps scarcely necessary," he says, "to say that Owen owed nothing to Fourier. The latter's *Traité de l'Association domestique* did not come out until 1822." Surely Mr. Podmore knows that Fourier proposed his "Associations agricoles" and "phalanges" in his *Théorie des quatre mouvements*, which appeared in 1808, or nine years before Owen proposed his "Associations" "having their basis in agriculture." Again, if he will look at the 1841 edition of the *Œuvres Complètes* he will see that Fourier proposed "phalanges" of 800, 810 (vol. i., p. 238), or 1,200 inhabitants (vol. i., p. 446) : and that these numbers occurred in his first edition. It is certainly odd that Owen wrote in 1820 :—"From 800 to 1,200 will be found the most desirable number to form into agricultural villages." Possibly these and other resemblances were due to the Zeit-Geist and its humorous inseparable companion Chance. But Mr. Podmore's dismissal of Fourier is, to say the least, abrupt. *Apropos* of Fourier Mr. Podmore might have added that Doherty or Dog-

herty, to whom he refers as piloting Owen about Paris in 1848, was a Fourierist.

Again, Mr. Podmore attributes Owen's "Labour Exchange" in Gray's Inn Road (1832) to the example of J. Warren's "time keepers . . . giving me what I wanted, and in return for notes representing hours of labour," and he refers to Noyes. Noyes never describes any time store of Warren at which goods were exchanged for notes. On the contrary, the only time store of Warren referred to by Noyes is described as follows: "I went to the time store with my note and my cash the keeper . . . giving me what I wanted, and in return taking from me as much *cash* as he paid for the article to the wholesale merchant," charged for the ten minutes' attendance by a labour note for ten minutes. Mr. Podmore misquotes Noyes. Warren always sold his goods for cash until in later years he invented a corn-note. Owen's one idea was to abolish cash. Oddly enough, the genesis of Owen's paper-money is one of the few things about Owen that are quite free from difficulty. Warren is only a red herring drawn across a clear scent.

Again, Mr. Podmore rejects Owen's claim "that the foundation of these Dutch colonies," Frederick's Ooord, &c., "was directly due to his teaching," although that claim "has been endorsed by Holyoake and others, I cannot find any justification for the claim." Owen's claim was far more specific than the reader might infer from this summary remark. Owen, "after offering the British Government a plan for making a pauper population self-supporting . . . transmitted the same through Mr. Falck, the then Ambassador of that court to England." If this was untrue, it is probably the only untruth of its kind which Owen wrote. Even assuming that it was untrue, the Owenite agitation of 1817 in favour of curing pauperism by labour colonies must have been known in Holland, van den Bosch wrote in 1818, and in 1819 "Philanthropos" noted the sequence of date and general idea (Remarks on the Practicability of Owen's Plan, p. 76). It would be almost as difficult to suppose—*pace* Mr. Podmore—that the proposed labour colonies of England (1817) had ~~nothing~~ to do with those of Holland (1818), as it would be to suppose that the co-operative communities, village settlements, and labour colonies which sprang up in the different Australian legislatures thirteen years ago, represented mutually independent growths.

Lastly, Mr. Podmore ought not to have written "At the close of the preceding century there had been in England some 180,000 yeomen small freeholders tilling their own land," unless he told

us whether "yeomen" included clergymen, whether "freeholders" included lessees for life, or copyholders, and who was his authority. The yeoman-myth with which Macaulay and Karl Marx dallied ought to be allowed to rest.

Having censured more perhaps than we should have done, we can only conclude, by thanking the author for renewing our acquaintance with a great social pioneer and experimentalist, to whom there were no distinctions of class or creed, and the secular was so sacred that nothing could be more sacred, and before whom there was always present the vision of a new heaven and a new earth. He was vain, dull, unteachable, but a prophet withal, and the fact that we are able to look on our factory system with pride instead of shame, and the achievements of the co-operative movements of the nineteenth century are due, in the first instance, to Owen's clear insight and unflagging zeal.

J. D. ROGERS

The Coal Question. By the late W. STANLEY JEVONS, F.R.S.
Edited by A. W. FLUX. (Third edition.) London : Macmillan.

THE facts and arguments advanced by Professor Jevons forty years ago in support of the conclusion that coal is the material basis of our national prosperity are as true to-day as they were then. Nor from the fuller information now at our disposal do we know of an efficient substitute for coal, although water, wind, tidal flow, sun heat, and petroleum may prove valuable auxiliary powers, or sources of power. Further, it cannot be gainsaid that the ruling factor in our commercial supremacy must be, not merely the possession of supplies of coal, but that these should be at least as profitable to us as those of our commercial competitors are to them. If we shall not be able to make up for the added cost of having to go deeper for coal, by gaining more power out of it than our rivals, the result must be commercial and national decadence. Jevons laid the greatest weight upon the relative increase of our production to that of other countries. Based upon that for several years prior to 1863, our increase was taken at $3\frac{1}{2}$ per cent. per annum, and, assuming this rate to be kept up, he calculated the production for every tenth year from 1861 for a period of a century. The fifth of these decennial periods was 1901, and so an opportunity is afforded of testing the correctness and value of the calculated rate of increase, for forty years. According to his figures the production in 1901 should have been 331 millions. In reality it was 245 millions—a significant differ-

ence, due, as very concisely put by Professor Flux in his able preface, to the fact that "the introduction of the steam engine in modern industry and transport caused a much more rapid growth in fuel production than sufficed for the maintenance of steam-driven industry when once coal had been established as the general source of power." Jevons, certainly, "drew the conclusion that we could not long maintain his assumed rate of increase of consumption, nor advance to the higher amounts supposed, and that this meant that the check to our progress must become perceptible within a century from that time." The century, it is true, is not up yet, but with nearly a half gone, and a lessened rate of increase, we do not show, as far as can be seen, any sign of decadence.

May there not be other weak parts in the case as put in support of nearer commercial decadence?

The last Royal Commission upon Coal Supplies found that our annual output is, in round numbers, 230 million tons, the calculated available resources in proved coalfields 100,000 million tons, and the average increase in the output, $2\frac{1}{2}$ per cent. per annum. In addition it was calculated that there are 40,000 million tons in unproved coalfields, which the Commissioners thought best to regard "as probable or speculative." The figures are encouragingly high, although it is admitted that the essence of the case as put by Jevons is not mere amount, nor increase, but their relation to those of other, and competitive, countries. In other words, it is a question of profitable availability as between ourselves and them. Still, it is evident that we have ample material to deal with, and the Report of the Royal Commission shows the best way of dealing with it—by indicating the enormous economies practicable. In an article upon the Report of the Commission in the ECONOMIC JOURNAL (June, 1905), I called attention to some of these of which I had had practical experience.

In regard to the statement "that the introduction of economies in the past had not tended to decrease in consumption," I also ventured to advance that such economies as are now possible had never been so in the past. The history of the past in this is a less safe guide to the future than the classical " $3\frac{1}{2}$ per cent." has proved.

It may have been the case in the past that economies have led to increased consumption by enlarging and multiplying the uses of coal, but looking at the abnormal character of the expansion of the last forty years, due to the introduction of steam in manufacturing industry and transport; and looking also at that

internal development of other nations which the introduction of steam has brought about—which could never have been accomplished had it depended upon British coal only—is there not likely to be more scope for economising in coal than there are fresh or enlarged fields for its use?

Again comes the rub, that the economies being open to all the world, all can make equally effective use of them. But will this prove to be so in practice? Power is cheapest where there is most economy in its production, not necessarily where coal is cheapest. With properly designed and centralised power producing plant, the saving in current working expenses will far more than outweigh its higher first cost. A union of cheap coal and economical appliances and methods for its use must, of course, be irresistible; but the cheaper the coal the less the stimulus to economise. The introduction of economies in the production of power leads also to the instinct for economising in its all-round application, as opposed to the indifference naturally bred where the first gaining of coal is cheap, and the application of economies in doing so of less apparent immediate moment.

Further, although the same economies are open to all, it should not be forgotten that the comparison in capacity for their adoption and application must be made between a nation which has passed further onward in development generally, than those industrially so much younger. The latter will probably be subject to many other than direct commercial checks. Progress does not wholly depend upon coal. We have gone through much which they have not yet entered upon, for from our insular position we shall always possess many advantages which they never can, and for the same reason be spared probably much trouble which they will have to face. The younger may be equally brainy, but there is a good deal more than brains necessary in the wide and profitable application of what their possessors can see the advantage of. Suitability of soil is as necessary as the right seed. Professor Jevons anticipates this after a fashion, by picturing us as developed into more artistic workers in lighter bulk. But may we not with equal justification be anticipated as developing into more economical producers and users of bulkier commercial commodities—which we must feel so loth to lose for the suggested alternative?

. But whilst thus taking a more cheerful view of the future than Professor Jevons, we may express the highest admiration for the way in which he looked at things, and his grasp of true principles, which, in spite of what he thought at future stake for his country, would not permit him to recommend the adoption of any such

curative nostrums as limitation of production, or the imposition of a tax upon coal. (The recent abolition of the coal tax tried is clear experimental proof of the correctness of his views upon this point.) It is gratifying, too, that what he did recommend for the benefit of posterity has been, or is being, carried out—although, perhaps, for a less direct reason than to make up for less valuable supplies of coal left for their use—viz., improved and extended education, the abolition of child and female labour in unsuitable directions, and the reduction of the National Debt.

I also gladly ally my hope with his of the continuance of our National, in an Imperial, prosperity. The centre of Ruling Empire must change to follow the future seat of cheapest power, but there is no reason why it may not still remain the British Empire. Upon the possibility of this, it is significant and encouraging to find that Professor Flux in his remarks upon substitutes for coal, states “that even the most economical of known methods of generating electricity by the use of coal in this country fail to reach the low level of cost from favourably situated water powers in some other countries.” Canada, which he knows well, and already our most important and promising colony, is particularly blessed in regard to such water powers.

The views, arguments and conclusions of Professor Jevons most emphatically deserve the best attention of all concerned with the economics of coal. They have been the means of the acquisition and distribution of a wealth of information about our coal supplies, and the economics practicable in connection with their mining and use; and it seems specially fitting that his son, Mr. H. Stanley Jevons, who has followed in his father’s footsteps, should be Lecturer on Political Economy at the University College of South Wales and Monmouthshire, in Cardiff, the chief coal port of the world.

JOHN MACAULAY

The Fundamental Fallacies of Free Trade. Four addresses on the logical groundwork of the free trade theory. By L. S. AMERY. (London: National Review Office. 1936.)

MODERN Protectionists often seem to consider the main positions of Free Trade as impregnable. But the historian of the South African war does not hesitate to make a frontal attack on those positions. So great courage is not often associated with so much ability. An open enemy, Mr. Amery scorns to obtain an advantage by wearing the badges of Free Trade. He puts on the

whole armour of Protectionism, undeterred by its antique form and the rust of centuries.

"The wording of the recital of the law of 1463 regulating the sale of wool would, but for the differences in the language, do well as a text for any Tariff Reformer of the present day" (p. 102).

"There was more sound knowledge, I fancy, of national economics in Edward the Fourth's little finger than in the skulls of all the orthodox professors or Exchequer theorists of these degenerate days" (p. 103).

Mr. Amery separates himself from those Tariff Reformers who "go out of their way to pay lip service to the theory of Free Trade."

"They declare Free Trade to be ideally desirable, though perhaps impracticable, in the present state of the world; they profess a vague aspiration for universal Free Trade; they deem Free Trade to be right in theory, but unworkable in practice. That, to my mind, is a fatal attitude."

As we understand, the writer of these and similar passages would not subscribe to such a *confessio fidei* as was made in the ECONOMIC JOURNAL by an eminent advocate of a preferential tariff—one who is called by a good judge, Dr. Schulze Gavernitz, "der hervorragender Wissenschaftler unter Finanz-reformern."

"The ordinary Free Trade arguments," says Professor Ashley, "still possess their pristine force, unless where adequate counter-balancing considerations can be urged" (*loc. cit.*, vol. xiv., 1904, p. 9).

To one approaching this subject impartially, if such a one can be imagined, it may appear that any propositions upon which all Free Traders and some—and those not the least considerable—Protectionists are agreed, have a good chance of being true. But it will not be expected that we should here repeat the ordinary Free Trade arguments. We shall discharge the duty of a reviewer by adverting only to those passages in the work under review which by their novelty and vigour seem especially calculated to affect the inquirer's judgment.

Of passages which favourably dispose the reader there are many which are or may be accepted by the Free Trader. Those which breathe a pure spirit of patriotism may, we trust, be included in this class. Nor is the Free Trader estopped from assenting to many general principles which Mr. Amery produces as if they were decisive in his favour.

"The foreign trade of a country bears no fixed proportion whatever to its total production or to its total prosperity" (p. 40).

The Free Trader is not concerned to deny this.

Population "is, when looked at broadly, an elastic quantity of living matter growing with the industries that support it and, in a sense, created by them" (p. 39).

Is there any contradiction in this doctrine to that "study of the reflex influence of remuneration on the supply of different agents of production," which Professor Marshall introduces in the second chapter of his sixth book? What Mr. Amery says about the "Free Trade conception of population as a fixed number of individuals looking out for the most profitable employments available at the moment," might be true if Free Traders were limited to the immediately preceding chapter in which the reflex action of remuneration is provisionally abstracted. Nor do intelligent Free Traders—*e.g.*, Jevons in his *State in Relation to Labour*—deny that competition, in order to produce its beneficent results, must be submitted to some regulation. Force and fraud must be restrained. When Leslie Stephen illustrates and defends economic competition by the example of competitive examinations, he of course is not thinking of candidates who, as Mr. Amery amusingly suggests, are "allowed to exercise the right of free competition to the extent of destroying each other's papers, or, indeed, each other." Nor is the Free Trader concerned to dispute that a tariff may possibly be employed so as to "develop a certain industry," and thereby effect "an enormous addition to the national capital, that capital which consists in the living skill and energy of the citizens" (p. 94). To instance a recent and authoritative utterance, Professor Taussig, in his Presidential Address to the American Economic Association, 1904, on the *Present Position of Free Trade* (December, 1904), affirms:—

"Whether protection to young industries will or will not have good effects is simply a question of probability." Some of his own researches have led Prof. Taussig to believe that "on the whole the first growth of manufactures in this country [the United States], in the early years of the nineteenth century, was advantageously promoted by restrictions on competing imports."

These general principles need not give us pause. The rub is when we come to their application. The reader may be advised to examine our author's minor premisses with care.

For instance, let us with Mr. Amery "consider a foreign trade on the part of an industrial nation, in which it imports £1,000,000 worth of raw wool, and exports £1,000,000 worth of fine woollen cloth." . . . "The original £1,000,000 of wool is converted into, let us say, £5,000,000 of cloth. Of this, £1,000,000

worth is exported to pay for the original raw material. . . . Let us next suppose the character of the foreign trade in wool changed, and let the £1,000,000 of raw wool be purchased by the export of £1,000,000 worth of what are known as 'tops.' . . . We have then [on a probable assumption] £1,000,000 wool converted into 1,200,000 of tops" (pp. 61, 62).

Whence Mr. Amery infers "a national loss of over £3,000,000—a decrease of £3,000,000 in the national wages bill—consequent on the change in the character of the trade." We, on the contrary, before concluding that the last state of that nation was so much worse than the first, would require to know what had become of the productive forces which in the first case had produced the worth of £3,000,000 more than the value of the "tops" exported and the wool made up at home in the second case. How do we know that the men and machinery had not gradually turned to some other, presumably more profitable, industry? Looking without prepossession at this picture and that, we cannot from inspection of the surface be certain that the picture first looked at represented a more desirable state of things. But indeed we are not satisfied that the contrasted pictures adequately represent even the appearance and symptoms of the actual case. Lest it should be supposed that the "tops" in this example represent the part which is played by the real articles in British trade (*cf.* Amery, p. 67), it may be well to direct the reader's attention to the note on the statistics of woollen industries which appeared last year in the *ECONOMIC JOURNAL* (vol. xv., p. 590). It is there shown that the injury which tariff reformers had attributed to our trade from the substitution of imported "tops" for cloth is not supported by the complete statistics. The exportation of "tops" is, rather, a matter of congratulation, forming an addition to the previously existing trade.

It is not so easy, as Mr. Amery's numerous examples would make us believe, to determine from an inspection of imports and exports what is "the beneficial part" of our trade. We borrow this phrase from a seventeenth-century alarmist whom Mr. Amery's method recalls to our memory, the author of *Britannia Languens*. As that author dwells lugubriously on the "decays in our exportations and the beneficial parts of our trade," so Mr. Amery declares:—

"a great part of England's foreign trade, I maintain, so far from being a benefit is a terrible drain upon our national industrial vitality" (p. 70).

" My own conviction is that, if I estimate our national loss by that of our foreign trade to-day at £300,000,000 a year, I shall be anything but exaggerating " (p. 71).

The reader who is alarmed about the quality of our exports and imports may be referred to Mr. Bowley's *National Progress* (in particular p. 45, and p. 60).

But even if Britain is proved to be languishing, there remains the question whether she would be restored by Mr. Amery's *recipe*. We have not space to reproduce and discuss the passage (p. 78), in which he recommends excluding German woollen goods. The most novel argument employed is that—

" we should thus increase our demand for wool, and would thus be likely to get it on better terms."

The statistical quantity as well as the economic quality of all relevant considerations should be weighed by the impartial reader before he consents to so drastic an operation as imposing a tariff for the sake of promoting trade. The burden of proof, the presumption against manipulating tariffs, does not weigh much with Mr. Amery.

" A tariff is simply a means of using the revenue in such a fashion as to put pressure upon the people of a country in order to make them develop a certain industry " (p. 24).

Mr. Amery enforces his reasoning by an appeal to history. But economic history is apt to prove a book in which each one finds the dogmas which he looks for. Mr. Amery refers (pp. 69, 98, 100) to protected Germany as progressing in population and wealth; he is silent about protected France. Mr. G. Unwin extracts from the " Industrial Organisation " of the sixteenth and seventeenth centuries a very different lesson from that which Mr. Amery seeks in past experience. Another high authority on economic history, Mr. Hewins, is not enthusiastic about the system which prevailed in the ages to which Mr. Amery looks back admiringly.

" That system," says Mr. Hewins, " appealed to the worst prejudices of the time. It meant that English industry and commerce should be cramped and distorted by protective tariffs which were imposed not in the interests of the country as a whole, nor to supply the financial needs of the Government, but in response to the demands of ignorant and self-interested cliques of merchants and manufacturers who feared without reason the competition of foreign rivals " (*English Trade and Finance*, p. xxxiv.).

Again, Mr. Amery finds confirmation of his doctrines in the

history of the woollen and the cotton industries. A very different moral is drawn by Huskisson from that history :—

“From cotton I proceed to woollens, one of our oldest manufactures—that which has been most nursed and dandled by the legislature—a favourite child, which, like other favourites, has, I suspect, suffered rather than profited by being spoiled and petted in rearing; while its younger brother of cotton, coming into the world much later, has thriven better by being much more left to rough it and make its own way in life” (Huskisson, *Speeches*, vol. ii., p. 331).

Mr. Amery would incline the balance of our judgment in favour of Protection, not only by adding weight on that side, but also by diminishing the weight of authority on the other side. He denounces the methods of general reasoning commonly practised by economists (p. 88, *et seq.*, *et passim*), while himself employing freely the device of imaginary islands (pp. 45, 47, 57). His own “abstract analysis” is contrasted favourably with “the shallow current assumptions of Free Trade professors” (p. 71). Commenting on the “Free Trade argument as originally expounded by Adam Smith,” Mr. Amery says :—

“I wonder how many of you had realised before how transparent and palpable is the verbal fallacy on which it depends” (p. 24).

“So completely hypnotised was Adam Smith by this confusion of his own creating with regard to the meaning of capital that he denied with the most dogmatic certitude the plainest facts of his own time” (p. 28).

“Adam Smith was the hapless victim of his own ‘terminological inexactitude’” (p. 29); and “his successors are every whit as blinded by the mist of their own sophistry” (p. 29).

“Free trade was then [sixty years ago] as it was in Adam Smith’s time, seventy years before, and is to-day, fundamentally unsound, as a theory. It is based upon assumption, contradicted by all the teachings of history, by the whole nature of man, and by the structure of human society. It is demonstrated by arguments arising largely from a confusion of ideas, and sometimes from nothing less than sheer verbal quibbling” (p. 3).

Such language seems better adapted to edify the faithful of the Compatriots’ Club than to win new converts from the educated world outside.

F. Y. EDGEWORTH

Britain, Wake Up! By TOM NEILL, Honorary Secretary, Tariff Reform League (Devonshire Branch). With a Commendatory Letter from Mr. Chamberlain. (Exeter: Basley and Dalgleish.) 1s. net. Pp. xxx. + 301.

THIS book is a reply to *England's Ruin*, by A. M. S. Methuen, which was reviewed in the ECONOMIC JOURNAL for September, 1905. Mr. Neill has selected no less than 242 passages (which he describes as "assertions") from Mr. Methuen's book, and to each of these he has written a reply. Some of these "assertions" would certainly not meet with the approval of many Free Traders, and Mr. Neill has not had much difficulty in pointing out numerous exaggerations and some contradictions in those he has chosen. These, however, often appear more glaring than they really are, as the passages quoted are for the most part isolated sentences, which are criticised without sufficient reference to their context. In his eagerness to refute Mr. Methuen the author has frequently fallen into the error of overstating his own case, and the book contains many more exaggerations and fallacies than it challenges or detects. For example, that "we have abandoned agriculture" (p. 209) is an exaggeration; and that "increase of our foreign investments spells gradual decay and ruin to British manufacture," &c., &c. (p. 8), is a fallacy. Many such statements scattered throughout the book, and equally wide of the mark, could be quoted. Nor is a comparison of the brassworkers of Berlin with the class of unemployed workers who "fight each other with the madness of despair to reach the dock gates" in London (p. 11) a very satisfactory way of settling the relative positions of British and German wage-earners.

He is quite right in pointing out that the state of the country before the repeal of the Corn Laws was not so bad as it is sometimes represented to have been; but he refuses to admit that any advantages were derived from the repeal, and appears to wish to leave the impression that all was well before 1846, but that since that date everything has been going from bad to worse.

In "Reply" No. 45, on p. 57, one to which, judging from his constant references to it throughout the book, the author appears to attach a good deal of importance, the incidence of import duties is discussed at some length. He is anxious to prove that an import duty is sometimes wholly or partly paid by the producers of the commodities upon which it is imposed—a point which would probably be admitted by most Free Traders, and

which, according to the "assertion" to which this is a "reply," does not appear to be disputed by Mr. Methuen.

Professor Edgeworth is quoted on p. 70, and elsewhere in the book, as giving examples of cases where the duty is paid by the producer and not by the consumer. It is one thing, however, to point out an exception to a rule, but quite another thing to assume, as the author seems to do, that the effect of the duties which Mr. Chamberlain wishes to impose would be of an exceptional character. With the object of proving that Protection does not raise prices, numerous cases are cited of a fall following the imposition of duties, and of a rise taking place after their removal. But all these examples are of little value unless it can be shown that there were no other causes at work tending to bring about a fall in the one case or a rise in the other.

Mr. Neill dwells with wearisome reiteration on the injuries done to our trade by foreign tariffs; there is a needlessly long discussion, extending to some thirty pages, of the effect of the sugar bounties and the Sugar Convention; and we should have hardly thought it necessary to so constantly insist on the fact that "we have never had Free Trade." He justly complains of the introduction into the controversy of the personal element, but his own book is by no means faultless in this respect, and it is difficult to see how he adds force to his arguments by always describing Free Traders either as "friends of the foreigner," "Little Englanders," or "rank Protectionists."

The book, with its excellent index, must have involved considerable labour, as the sources from which Mr. Neill has drawn his information are very numerous; and it should do good as a reminder to Free Traders of the danger of overstating their case. In the commendatory letter, which is addressed to Sir Charles Follett, Mr. Chamberlain says that he has not seen the work to which this is a reply—a fact which perhaps somewhat detracts from the value of his praise.

HENRY S. FURNISS

The Principles and Methods of Taxation. By G. ARMITAGE-SMITH, M.A. Pp. viii+195. (London: John Murray, 1906.)

SOME twenty years ago F. A. Walker described "the English literature of taxation as shabby in the extreme," and though this judgment was regarded by English economists as far too severe, there can be little doubt that it indicated a real weakness in the treatment of an important subject. Since that date a good deal

of special work has been done, and the scientific problems of taxation have received more notice. None the less have we had to go to America for our elementary text-books. Mr. Armitage-Smith has removed this reproach by supplying the student who wants a first book with a convenient manual which can be used as a substitute for Plehn or Daniels, and which has the advantage of being in closer touch with the facts of English life and administration. The possibility of this substitution suggests a criticism of the title chosen by our author, for the book is not confined to questions of *taxation*. The opening chapter considers "the grounds and nature of public expenditure," national debts occupy the whole of a later one (chap. vii); while the facts of non-tax revenue are duly noted in the accounts of British, Indian, and French finance. The truth, of course, is that taxation is but one part of a larger subject, and that reference to other financial matters is absolutely necessary in order to explain any system of taxation. Accordingly we find that the discussion of the nature and the proper modes of raising national revenue is brought into connection with national expenditure by showing that the latter "constitutes the demand," which the former must supply (p. 3).

In dealing with the various forms of taxation and the underlying principles, the writer of an introductory text-book cannot venture to introduce new theories. Clear exposition and accurate statement are his special merits, and Mr. Armitage-Smith undoubtedly establishes his claim to the possession of both.

We may notice the chapter on "Incidence of Taxation" as particularly good. The author avoids the dogmatism of some of the older writers, and in a limited space succeeds in giving a clear idea of the most important cases of the shifting of taxes from one class to another. The recognition of the fact that "The area of taxation or degree of generality affects the operation of a tax" (p. 111), is a decided improvement. The account of the British "Death Duties" may also be noticed as giving in very small space the essential features of the system.

Special interest attaches to local taxation, which has long been more confused and irregular than the parallel system of the central government, and which is certain to receive somewhat drastic treatment in a measure of reform. Here, too, Mr. Armitage-Smith is judicious and well-informed. He explains the development of the English system of rates, and briefly notices the proposals for "betterment" and "site value" taxation, the latter of which, in his judgment, "constitutes at present the most pressing and difficult of social problems" (p. 184).

A very instructive chapter applies the comparative method. The tax systems of India and France are taken as contrasts to that in use in the United Kingdom. As a free trader our author must have felt some satisfaction in quoting the severe condemnation of a preferential system by the Indian Government, as well as in showing the unproductive character of a large part of the French customs duties. A somewhat fuller indication of the chief differences in the three financial systems would probably be desirable as illustrating the general principle of "relativity," which is stated in the strongest terms, and it would certainly be beneficial to the student.

Another suggestion may also be made, viz., that references to books for further use should be placed at the beginning (or end) of each chapter, as more convenient for class work. Further, the list of references might well be enlarged by the inclusion (to give instances) of Nicholson's *Political Economy*, vol. iii., Adams's *Science of Finance*, and Northcote's *Twenty Years of Financial Policy*. An enlarged "Table of Contents" would be an additional improvement, for which we may look in the next edition of this carefully planned and well-written book.

C. F. BASTABLE

Foundations of Political Economy. By WILLIAM BELL ROBERTSON. (The Walter Scott Publishing Co., Ltd., 1905.)

MR. ROBERTSON has made a careful study of some of the earlier English political economists. His criticisms are acute and often very just; but he has failed to realise the complete revolution in the theory of value which has taken place since the days of J. S. Mill. However incredible the statement may appear, Mr. Robertson appears not to have heard of, or at any rate not to understand, the theory that it is the marginal utility which determines the exchange value of commodities. After some criticisms of the view that to possess exchange value a commodity must have utility and be limited in quantity, Mr. Robertson propounds his own view, which at first sight appears to be a mere verbal alteration, namely, that the commodity must be possessed by someone, and desired by someone not the possessor. Then his theory is given in a sentence, with no sort of evidence for it. "Thus the more pronounced the presence of the conditions of value—desire and possession—in the case of any commodity, the more pronounced is the value of the commodity. Let possession be signified by P and desire by D ; the

value varies as P D."¹ How is "possession" measured? How is "desire" measured? Why, granted that the value (which here means exchange value) increases if "possession" increases, and increases if "desire" increases, should value vary as the product of these quantities? No reason of any sort or kind why this should be so is even suggested; the theory is stated as if it were obvious. This is not the way in which to write political economy or any other branch of science. It is hardly surprising, a few lines further down, to find the sentence: "If utility were the cause of exchange value, we should expect value to rise and fall according to the utility." Since it is now recognised that it is not the total utility but the marginal utility which determines the exchange value, this sentence is very disingenuous if the author has seriously studied the subject in its modern development. But he cannot have done this; why, then, does he write a "foundation of political economy"? It is a great pity that the book is not better, for it is pleasantly written; the tone is good; and, as has already been mentioned, the criticisms are often acute. All this, however, cannot make up for a failure to comprehend the elements of the subject which the author criticises. Other defects are that the expression "rate of wages" is used in the inconvenient sense of ratio of wages to wages plus profits, in which it was sometimes used by Ricardo; that the meaning of profits—a most difficult question—is not discussed; that the nature and functions of capital are also neglected, and that no sufficient attention is paid to the general interdependence of economic phenomena.

C. P. SANGER

The Bank of England. By W. R. LAWSON. (Reprinted from *The Financial Times*, July, 1906.)

THE pamphlet which Mr. Lawson has reprinted from *The Financial Times* on the "History of the Bank of England," contains a good deal of interesting, we might almost say, of amusing reading, with occasional very practical remarks. That the power of the Bank of England, which Mr. Lawson traces from its earliest establishment to the present day, is, in some ways, greater now than at any previous period, is generally recognised. This is not incompatible with the fact that its influence in Lombard Street is simultaneously less associated with ordinary methods of banking than formerly. Few now must be the survivors of the period, now some forty or fifty years since, when the action

¹ The italics are not in the original text.

of the Bank of England as a dealer in discounts was so powerful that the days when large masses of the bills it had discounted fell due and accordingly had to be met, were recognised and watched for by other dealers in money. That the discounts are smaller now there is little doubt. It is now fully thirty years since the amounts of the bills discounted by the Bank of England have been published and known. How little the Bank had kept itself on a level with the business movements of the time, even at that period, is sufficiently shown by the fact that the bills discounted were not even so large then as they had been thirty years before, and that the proportion of the bills discounted which had been 38 per cent. of the "other securities" at the earlier, had dropped to 23 per cent. at the later period. Mr. Lawson's remarks on the desirability of "the reconstruction of the Gold Reserve on workable lines" refer to the point in the policy of the Bank most under notice at the present time. Mr. Lawson has also recalled the suggestions of the late Mr. Ernest Seyd to a generation which we fear is entirely unconscious of the labours of that indefatigable worker. Mr. Seyd argued that the intention of the Act of 1844 was that the securities held in the Issue Department should be removed from the custody of that department as gold poured in, and further that when the gold was withdrawn, owing either to a foreign or to, an internal demand, the securities should be brought back to fill up the vacant space formerly occupied by the specie up to the limit of the issue on securities allowed by the Act. Mr. Seyd was never weary of upholding the advantages of this mode of proceeding and of maintaining that this was the real intention of the Act of 1844. The wording of the clause regulating the circulation may certainly be held to justify his interpretation. Mr. Seyd was a very careful student of our Bank Act. He had also a share in suggesting the arrangements on which the Reichsbank was instituted, but his advice, though welcome in Berlin, was unheeded in Threadneedle Street. The much-debated clause in the German Act permitting an extra issue on securities when this is required by the exigencies of trade on payment of an extra charge to the Government, is understood to have followed his suggestions.

To return to our own position in these matters, Mr. Lawson argues, in discussing the working of the Act of 1844, that the clause in the Bank Act, by which the Bank of England is compelled to purchase all the standard gold bullion offered to it at a fixed price, should be repealed. The effect of that clause is certainly far from being advantageous to the equable working of

the Reserve, and in consequence of the rate of discount charged by the Bank. It is perhaps rather to be wondered at that with this provision of the Act, convenient perhaps in 1844, but hardly adapted, without some modification, to the present requirements of our money market—continually pressing on the Bank, matters have been managed without greater fluctuations even than there have been. One important part of the duty of banking to commerce is to keep the rate for discounts and advances as even as possible, and certainly legislation could hardly have been devised which renders an even rate more difficult to maintain than that in force in this country at the present time. But we must not delay too long over the changes in the Bank Act of 1844 which modern requirements of business render advisable. The changes Mr. Lawson proposes are fundamental, we will not call them revolutionary. They would certainly cause a complete alteration, not only in the relations of the Bank to the other bankers of the United Kingdom, but in the relations of those banks to their customers. That the general result would be beneficial may well be believed, but to imagine the Bank of England a large holder of foreign bills as the Reichsbank and the Banks of Belgium and Holland are, appears as unlikely as to think of their altering their bookkeeping to a decimal form of notation. Our insular habits of thought hedge us in from bearing in mind that business in other parts of the world continually moves on and progresses. It may well be doubted whether one in ten thousand of the English people who continually travel abroad have any idea that the coal-mining industry of Germany is four times as important as that of France, and that in a general way the securities with which those mines are represented on the Stock Exchanges of France and Germany are eminently valuable. Are there as many banks in London as could be counted on the fingers of one hand who ever handle a bill drawn on a foreign country except to sell it, or who know, for instance, that there are times when it might be advantageous to hold bills on New York, or Berlin, or other foreign centres, or, if they know this, ever think of doing so? Yet those foreign banks we have named habitually find in the holding of bills on foreign countries, and especially on England, the means of counteracting foreign demands for bullion while holding securities that are eminently profitable to themselves.

Mr. Lawson's contrasts between the copious information given by the Bank of France and the Reichsbank of Germany and the skimpy details provided by the Bank of England are eminently

true. The readers of the *Bankers' Magazine* may find the reports of these Banks, and of the Banks of Holland and Belgium regularly supplied to them, translated, and with all the accounts brought into sterling money, but no amount of comments on them which may be found in that journal or elsewhere seems likely to bring the English public to be aware of the advantage which more copious publication of the figures of the accounts of the Bank of England might be. When we reflect, however, on how recent the general publication of banking accounts has been, we need not wonder at this reticence. Mr. Lawson's remarks on the great advantages which the Bank of France has given to the trade of its country are perfectly true. Equally great have been the advantages given by the Reichsbank, which in some respects has done more for the unification and the progress of Germany than any other institution which that country possesses.

R. H. INGLIS PALGRAVE

Glimpses into the Abyss. By MARY HIGGS. (London: P. S. King and Son, 1906.)

At the bottom of society—rather outside society than part of it—lies a class of men and women cut adrift from all the associations of civilised life—from work, from homes, from abiding human relations. For the most part, knowledge as to this class has to come through the various institutions which provide for it—that is to say, from the accounts of those in charge of casual wards, shelters, and common lodging-houses. Mrs. Higgs is able to show the homeless life from another point of view, and to supplement the study of the vagrant through the institutions by knowledge and criticism of the institutions as they appear to the vagrant. She has on various occasions become a tramp among tramps, spending nights and days in the casual wards provided for the destitute wanderer by the Poor Law, in women's lodging-houses conducted for profit, in a lodging-house set up by a municipal authority, and in two philanthropic shelters.

The prevailing theme in nearly all these experiences is that of dirt. In regard to the common lodging-houses, it reaches a pitch of unspeakable foulness:—

"A candle flickering in the next compartment revealed a huge bug walking on the ceiling, which suddenly *dropped over* a neighbouring bed! . . . I woke in an hour or two, in dim daylight, to feel *crawlers*. The rest of the night was spent in hunting."

In the municipal lodging-house and the casual ward the theme is slightly subdued.

“The floor was dirty. The top sheet of the bed was clean, the bottom one dirty, and the pillows filthy. . . . The bed was flock, and was hot and uncomfortable; it smelt stale.”

“Perhaps the using of others’ dirty nightgowns was the most revolting feature in our tramp. At neither workhouse were the garments handed to us *clean*.”

“In the common lodging-house you can wash your clothes, but not yourself (because the accommodation is usually confined to a sink in the public kitchen); in the workhouse tramp ward you can wash yourself, but not your clothes.”

Even in the Salvation Army shelter, where “the floor was beautifully clean . . . and the promise of ‘good, clean beds’ was amply redeemed,” the inmates were dirty, and their garments, worn day and night, were “dirty and ragged, in almost all cases.” It is only necessary to add, on testimony other than Mrs. Higgs’s, that even philanthropic shelters are not invariably clean in their arrangements.

This prevailing theme is worth dwelling on, because it typifies all else that has to be said about the homeless class. It is no more than one aspect of that indefinitely low standard of life in which the evil of vagrancy at bottom consists. The tramp has learnt to put up with vermin as he has learnt to put up with insufficient clothing, uncertain meals, and an occasional night in the streets; with the loss of all healthy human relationships; with the deliberate harshnesses of the Poor Law, and the instinctive loathing of his fellow-creatures. It is the condemnation of nearly all existing institutions for the homeless class that they rather pander to this loss of self-respect than do anything to remedy it. The common lodging-house conducted for profit has to please its patrons; it is the typical resort of those who make a relatively prosperous living as beggars or prostitutes. The casual ward is conducted with a view to displeasing its patrons; to the deterrent devices of skilly, task-work, and the bath are added (in Mrs. Higgs’s experience) the cruelties and carelessness of petty officialdom working under apathetic Boards of Guardians. The pity of it is that the deterrent devices of the casual ward have failed just as whipping fails with the much whipped boy; they serve only to break the strength and the spirit of the occasional decent workman, without inconveniencing the experienced loafer. The philanthropic shelter does, or should, differ from the common lodging-house in being uniformly clean in its arrangements. It sometimes fails to differ even in this respect; it is almost always exactly like the common lodging-house in simply catering for the physical needs of its inmates without lifting them from their

degraded life. Mrs. Higgs eulogises the absence of all questioning in the Salvation Army shelter. Yet is it not clear that to provide for vagrancy in the mass, by the erection of cheap or free shelters, without making any corresponding effort to understand and, through understanding, rescue from vagrancy the individual men and women of the mass, is to facilitate rather than to reform an evil mode of life? To provide shelter without questions, or otherwise than as an occasion for sympathetic individual help, is to connive at all the continuing evil of the lives of the inmates—at beggary, drunkenness, and desertion of families. Mrs. Higgs seems hardly to appreciate this point. She has so much entered into the vagrant's own point of view that she is a little unthinking both in her praise of such comfort as she found in the shelters, and in her criticism of the harshnesses she endured in the casual wards.

Few people, indeed, would at this date defend the casual ward system, which neither deters the loafer, nor assists the decent workman. Most people, including Mrs. Higgs, have come to accept at least the principle of the amendments proposed by the Vagrancy Committee—the establishment of institutions, whether described as labour colonies or not, in which, for the habitual vagrant, detention and discipline may replace the futile deterrence of the casual ward. Most people, too, would agree with Mrs. Higgs's emphasis on provision for migration as "a new need of the Industrial age," though it may be questioned whether the need can be best met by the institution of universal relief stations through which workmen may wander in search of work by the light of their own knowledge, or by the establishment of co-ordinated labour exchanges giving definite guidance as to the state of the labour market in all parts of the country. Probably there will prove to be room and need for both methods.

Mrs. Higgs's revelations can hardly fail to hasten the reform of the present treatment of vagrancy. In their bare recital of impressions, marred only by a comical superfluity of italics (at one place Mrs. Higgs "bought *butter*"), they carry the stamp of truth, and are indeed completely in accord with other evidence. It is only necessary to be on guard against that wrong way of reform which would increase the existing facilities for the homeless life. True reform lies in the stricter supervision of existing facilities, such as common lodging-houses, and the provision of avenues out of the homeless life, some voluntary, in the shape of rescue homes, some compulsory, in the shape of detention colonies.

W. H. BEVERIDGE

The Acts and Ordinances of the Eastland Company. Edited by MAUD SELLERS. (Offices of the Royal Historical Society, 1906.)

DETAILED knowledge of the history of the great trading companies is essential for those who wish to understand the principles and practices adopted by the shrewd and cautious merchants to whose successful efforts English commerce has owed so much. Of such knowledge we, as yet, possess too little. The labours of Ehrenberg and Dendy, of Lingelbach and Hitzigrath, have thrown a flood of light upon the history and organisation of the Merchant Adventurers, and we welcome this addition to our scanty information about their rivals, the Eastland Merchants. In this volume Miss Sellers has edited the Acts and Ordinances of the Eastland Company from the unique manuscript now possessed by the Merchant Adventurers of York, and has transcribed extracts from the court book of the York Eastland Company (1645-1696), as well as the charters of Henry IV. and Elizabeth, the proclamations of James I. and Charles I., and other documents connected with the history of the company. Gratitude is due to Miss Sellers and to the Royal Historical Society for securing these transcripts for the use of students. And that gratitude is increased when we discover with what care the material has been utilised in the introduction. In this, Miss Sellers has summarised information gleaned from various sides in connection with the history and decline of the company, and has given so complete an analysis as to tempt the reader to omit the actual transcripts.

Though the company owed its existence to a charter given by Henry IV., little is known as to the extent of its operations until after the grant of a fresh charter in 1579. Its object was to help "the experienced and exercised merchants in their lawful and honest trade," and to restrain those whose ignorance and inefficiency brought English trades into disrepute, and occasioned international friction; it thus anticipated the arguments so frequently urged against interlopers during the seventeenth century. Throughout that period the company was an important commercial organisation, exporting cloth to the Baltic, and importing thence naval stores. After that time the records preserved at York cease, and, with the greater freedom of trading which followed the Revolution, the company, even if it survived in name, was no longer a commercial force.

The seat of government was in London, and all legislative

power was vested in the Court of Assistants there. The merchants had a residence abroad, first at Elbing, and later at Dantzic. Local courts, for purely administrative purposes, were soon established with marked success in such northern towns as York, Newcastle, and Hull. The interlopers apparently had sufficient influence in the West to prevent the organisation of equally strong branches in that part of the country. For many years the northern towns worked harmoniously with the London company, but a good deal of friction and jealousy was inevitable, and of this there are many traces at intervals during the seventeenth century. At last the York merchants refused to comply with the demands of the London company, and all communications ceased. Frequent complaint was made of bye-laws passed in London prejudicial to local interests, and in 1616 it was decided, upon the advice of the Privy Council, to admit representatives of local courts to an annual court in London. They were to give information and to listen to discussion, but remained without a vote.

In their organisation and commercial enterprises the Eastland Merchants seem to resemble their rivals, the Merchant Adventurers, but they never equalled them in bulk of trade, in political importance, or in unpopularity. Many of their regulations are similar to the ancient laws, customs, and ordinances which Wheeler, the Adventurers' secretary, collected in 1608, and which Dr. Lingelbach's recent edition has made easily available. There is a similar stint of export. Coloured cloth might be exported without restriction, but the total annual export of white undressed cloths might not exceed two hundred pieces. There is a similar prohibition of retail trade, and similar restrictions are found which hamper individual freedom in matters of trade and of conduct. Similar penalties are imposed for late attendance at meetings, and for "undecente speeches or words of reproach or discredit (the master to his apprentice or hyred servante onely excepted)." Miss Sellers lays considerable stress upon certain fundamental differences between the two companies. With the Eastland merchants the seat of government was in London, and not on the Continent; the actual conduct of affairs was in the hands of a few rich London merchants, and not in those of a general court of the whole society. There was no prohibition of marriage with foreigners, or of purchase of real property abroad, while there was an equality of status and of taxation which differed from the practice of the Adventurers in such matters. Merchants frequently belonged to both companies, and occasionally the

two societies co-operated for special purposes. The fear of losing their special privileges under the Commonwealth *régime* drew them together temporarily, and joint meetings for the discussion of their common interests are mentioned in the minute books. Though these ceased with the renewal of privileges at the Restoration, the practice continued of having certain officials common to both. The deputy of the Eastland Merchants in any place was usually governor of the local fellowship of Merchant Adventurers. This and the similarity of interests may account for the absence of friction between the two great carriers of northern trade.

In addition to detailed regulations for the conduct of trade at home and abroad, many points of general interest are scattered through the volume. It must suffice to indicate one or two. The anxiety of Stuart kings to keep up the navy receives an interesting illustration in the proclamations printed in the Appendix. In July, 1622, the privileges of the Eastland Merchants were confirmed in recognition of their services in "setting ships and mariners to work," and in "spreading the honour and fame of the kingdom." And the observance of the earlier navigation laws, which "of latter yeares have been much neglected to the great prejudice of the navigation of our kingdome," was strictly enjoined (p. 152). At a general court held in the following February an order was passed that no commodity of Eastland growth should be imported "other than from the places of their growth, and that in English bottomes onely." Infringement of the order entailed forfeiture of one-sixth of the goods (p. 59). A royal proclamation of 1629 emphasised once more the necessity of using English ships. Fear of interlopers doubtless led the merchants of the Commonwealth period to support the navigation policy. In 1654 the merchants of York wrote to the London court that "there wilbe somethings moved to the parliament (and that by noe meane ones) against the act for navygation," and they expressed their willingness to join with them "for the continuance thereof, if they thinke it conveyent" (p. 76). Miss Sellers shows clearly that the Eastland Merchants, after receiving many tokens of royal favour, were driven into hostility by the exorbitant demands of Charles I., who regarded the companies as a convenient source of supply. They declined to admit a royal nominee to the privileges of their body, and in 1639 they refused a demand for a loan of £100,000. They supported the Parliamentary party, and were affected by the depression of trade during the war. In common with other privileged bodies,

they suffered from the experiments of the Commonwealth government, and shared in the increased prosperity of the early Restoration period. Private trading by mariners and masters of ships was carried on to such an excess as to be considered "dangerous and inconvenient," and it became necessary, as in the case of the East India Company's officials later, to put a stop to it altogether (p. 61). The practice was permitted of allowing young men under twenty to live in the residence abroad to learn the language of the country, but this involved special arrangements. A guarantee was required to ensure that they should not take part in any commercial business (p. 41).

Miss Sellers will, we hope, increase our indebtedness, and carry further her investigations into the history of the trading companies. There were Merchant Adventurers at York, as well as Eastland Merchants, and of these it would be useful to learn more. Is it not possible for her to expand the admirable account of the Merchant Adventurers of York which she drew up for the benefit of those members of the British Association who visited York last August?

ELLEN A. MCARTHUR

The Arbiter in Council. ANONYMOUS. (London: Macmillan. 1906.) 10s.

THOUGH the author of this work has preferred to remain anonymous, it would do honour to the most distinguished of our publicists. Recent years have witnessed no lack of historical and theoretical treatises on international law, discussions of the United States of Europe, and the economics of war; but this volume presents for the first time a systematic, learned, and yet readable survey of the causes, nature, and consequences of war, and of the factors which seem likely to lead to its diminution if not to its disappearance. It is at once a chapter in the history of ideas and a constructive programme for the statesman and the diplomatist—the most comprehensive and thoughtful plea for peace on earth that has appeared in our time.

The author presents his material through the medium of a symposium, a plan which allows of a more colloquial treatment of his theme than is usual in dealing with such subjects; but the various types are clearly conceived and well sustained, and the conference is called and presided over by the Arbiter, whose mellow wisdom irradiates the discussion, and calls forth the best that his guests have to offer. The symposium lasts for seven

days, on each of which a separate aspect of the problem of war is considered with the aid of an essay prepared by one or other of the members. On the first day, which is devoted to a consideration of the causes and consequences of war, the conclusion is that in ninety-nine out of a hundred cases war leaves a balance of evil to both parties, and we are reminded that the conquest of Canada was outweighed by the consequent loss of the American colonies. Some critics will feel that the analysis of the causes of war here offered omits certain more reputable motives, and that the credit side of the balance-sheet is framed in a somewhat grudging spirit; but it should be carefully weighed by those whose blood is liable to be heated by a Press campaign or a diplomatic crisis.

The more strictly controversial topics having been disposed of at the first sitting, the conference proceeds to discuss the changes in modern warfare, and to estimate the degree in which such changes have diminished or enhanced the evils and sufferings inseparable from war. Readers of Oman and Bloch will find not a little that is familiar; but a great deal of additional information is collected, and the author shows calmly but quite decisively why a successful invasion of England must be regarded as impossible. The third day is devoted to the disappearance of private war, the almost universal extinction of the duel, and the growing distaste for cruelty to man and beast. These cheering omens lead the conference to the belief that war itself may disappear, and on the following days the two chief instruments by which such a consummation is likely to be reached are carefully examined. These chapters, dealing with the federation of the world and the growth of arbitration, form the kernel of the book, and are of extraordinary interest. The mediæval conception of a Christian Republic under the dual headship of Pope and Emperor was never more than a glorious dream, and, indeed, formed a potent stimulus to aggression in the Crusades; but it at least familiarised the world with the idea of the unity of Christian civilisation, and the thinkers of later ages are its spiritual children. Of these bold prophets crying in the wilderness, Penn, Saint Pierre, Kant, Bentham, and others, we are offered full-length portraits, while the Great Plan of Henry IV. of France is vindicated against historical scepticism, and displayed for the first time in English in all its audacious grandeur. A Holy Alliance, with coercive power in reserve, would bring its own dangers to liberty and therefore to peace, and would be con-

fronted at the outset by the difficult question as to its attitude towards the more controversial aspects of the *status quo*; but the gradual progress of the best minds of modern times towards a practical recognition of the unity of civilised-mankind is a striking and hopeful phenomenon, in no way interfering with the demands of a healthy and legitimate nationalism. The form in which this conviction most naturally and usefully expresses itself is the creation of an international tribunal; and the council listens to an essay on the evolution of successive methods of arbitration, culminating in the work of the Hague Conference.

The closing sessions of the conference are devoted to the Political Economy of War and to the chequered fortunes of historical Christianity as a peacemaker. It was not till the second half of the eighteenth century that the economic folly of war was fully exposed by Adam Smith, Turgot, and Necker, and the discovery of the experts is even now only partially assimilated by the people at large. The slowness of their conversion is, of course, due chiefly to the complexity of the psychological processes from which a war arises, but in part also to the factitious stimulus given to the labour market while a struggle is in progress. When peace is restored an augmented quantity of labour finds itself face to face with a greatly diminished store of capital, and intense suffering is inevitable. That the evil effects of war are needlessly increased by vicious finance is shown by a careful comparison of the methods adopted by the English Government in the great war with France and in the Crimean War, and the lesson is drawn from Pitt's costly blunders that as large a part of the outlay as possible should be met by taxation, even at the price of temporary hardship, and as little as possible by borrowing. In a chapter brimming over with suggestion it is impossible to refer to every aspect of an argument which depends for its power on its completeness; but the discussion of credit as a factor in national defence and of economy as a method of national insurance is of special interest at the present time, and exhibits the author's faculty of clear thinking and apt illustration in a striking degree.

G. P. GOOCH

Building Societies. By SIR EDWARD BRABROOK, C.B. (P. S. King and Sons, Westminster, 1906. Price 1s. net. Pp. 160.)

THE *raison d'être* of this work is found in the need of a "brief popular treatise on building societies," developing their social

value and advocating their right extension, for the benefit not only of actual members, but of the general public as well. The work would appear, indeed, more suited for these purposes than for those of the student. Roughly, it may be divided into three parts—treating these institutions from the ideal, the historical, and the practical standpoints—and a conclusion. Rightly or wrongly, the author starts with the former, and devotes the first two chapters to the possibilities of these institutions, as social agents and means of thrift, with a warning against the more than proportional evil of abuses. Chapters III. and IV. deal with the building society in history from 1836 to 1874, and its present legal position, but it might have been well to make the Act of 1894 the dividing line between these chapters. Chapter V., on the society as a matter of business, is perhaps somewhat trite and commonplace. To the actual or prospective investor, however, the clearness of this section will be valuable; whilst Chapter VI., the best of the book, will have a general and even scientific interest, thanks to the able narration and statistical illustration of “the society in peril.” The concluding chapter describes similar foreign and colonial undertakings, and is devoted to the society in the future.

The arrangement of the work strikes one at times as defective, and sometimes there is a lack of force almost degenerating into triteness. But it gives the information the practical investor requires, and it is easy to get a general idea from it, whilst it makes little demand on the brain and is the sort of book that can be read in odd moments. It is commonplace, perhaps, and attains at best a respectable mediocrity, but to many it will no doubt possess a “marginal utility” equal to that of the shilling which is asked for it.

N. B. DEARLE

The Principles of Wealth and Welfare (Economics for High Schools). By CHARLES LEE RAPER, PH.D., Professor of Economics, University of North Carolina. (New York: Macmillan Co.; London: Macmillan and Co., 1906.) ..

AN attempt to produce a text-book and, at the same time, formulate an ideal system of economic life will perhaps best describe this book. The Utopia, indeed, appears to be of that unpractical type that springs, like Minerva, fully armed and fully clad from the brain of an amateur possessing more zeal

for reform than knowledge of his subject. What Mr. Raper proposes is that in the production of a community every agent shall receive the exact portion that it produces, and no more. How this, in itself most desirable end is to be achieved, we are not told, and our author does not appear to see how incompatible with his ideal is his statement that the reward of each of these agents depends upon the conditions of demand and supply. Perhaps the author's attempt to write an economic text-book in the light of his particular ethical and social ideal was bound to cause such apparent inconsistencies. Be that as it may, he probably did not intend to confine himself strictly to pure economics, but to utilise the fuller scope allowed to him by his title of "wealth and welfare."

If, however, it is not altogether a suitable text-book for the study of economics, its good qualities, and even some of its very faults, render it by no means undesirable for use as a preliminary to such a study. The clear and, on the whole, lucid style, the long and easy explanations, even the childishly simple diagrams, are, considered in this light, most commendable. Even the way in which he repeats, time after time, like the chorus of a song, the statement that the actual productiveness of an agent is due to the quantity and efficiency of other agents, will serve to fix this important economic fact in the reader's mind. In short, the author describes economics, somewhat after Professor Marshall, as "a study of the forces involved in the making of a living"; and his work, which is, to a large extent, an account of the actual organisation of business life, will, thanks to its lucidity and ease, provide a useful first reading, sufficient for the capacity of high schools, and by no means useless to even older beginners. Not that it is an ideal book even in this respect, whilst as an economic text-book pure and simple it possesses grave defects. Probably, though out of date as to facts, Mrs. Fawcett's little work will, as regards form and method, remain the ideal for all time. But Mr. Raper does not cover the whole ground. Some portions of the subject are treated inadequately. As regards one or two controversial points, his treatment is at once shallow and doctrinaire, whilst vain repetitions involve much "unproductive consumption" of useful space. Nor is the work free from such errors as the confusion of, or at least failure to, distinguish clearly between, the productive power that is, and that which is not, inherent. Even, therefore, as a preliminary course to the study of economics, the book should merely be read without being learnt,

whilst, as a text-book of economics, its defects are still more serious.

N. B. DEARLE

The International Position of Japan as a Great Power. By S. G. HISHIDA. New York, 1905. (Vol. xxiv. No. 3 of *Studies in History, Economics, &c.* Edited by the Faculty of Political Science of Columbia University.)

THIS is the second instance in which the University of Columbia has published the work of a Japanese scholar on the history of Japan. Dr. Hishida does not by any means confine himself to economic relations; but in many parts of his work he has the same facts to relate as his precursor, Dr. Kinoshita. In the matter of bibliographical information the later writer will be found more useful; but there are some serious omissions from his list. The works of Yokoi, the most recent economic historian of Japan, should have been cited; and by an oversight the *Kaikoku Shimatsu* of Shimada, though quoted in the footnotes, does not appear in the bibliography. Dr. Hishida is more of a historian, and less of an economist, than Dr. Kinoshita. Dr. Hishida is, therefore, more useful for the beginnings of Japanese foreign policy, while Dr. Kinoshita is a better critic of the most recent commercial statistics. Dr. Hishida errs in some places from patriotic bias. He begins by arguing that Japan's policy towards Korea has been altruistic; but in the end he has to admit the reality and value of the protectorate which Japan has secured under the Korean treaties of 1904. We cannot, therefore, admit his generalisation that the aim of Japan is "to preserve in the Orient the national status of those of her sister Asiatic nations which are not yet subjugated by foreign powers." This, no doubt, is the policy of Japan with regard to China and Siam; but it is far from representing the views, explicable and legitimate enough, which are expressed in the Korean treaties. The growth of Japanese interests in Siam is duly recorded by Dr. Hishida. We could wish that, on this subject, he had gone into further details; for there is no side of Japanese policy in which the West is more interested at the present time. A word of praise is due to the dignified moderation with which Dr. Hishida speaks of the Russo-Japanese war and its results. This is one of the matters in which the West might profitably imitate the East.

H. W. C. DAVIS

Le Capitalisme dans le Monde Antique. Par G. SALVIOLI.
Traduit par A. BONNET. (Paris: Giard et Brière. 1906.)

PROFESSOR SALVIOLI is essentially a controversialist. In character, though not in style, this monograph reminds us of *La Cité Antique*; it is a protest against that "modernity," which discovers in the ancient world the economic problems of the present day. From Marquardt and Mommsen downwards the students of ancient history have supposed that the capitalist became the bane of Roman and Italian society in the last century of the Republic. They have tacitly assumed that the period of *Geldwirtschaft* had already begun in the time of Crassus and of Atticus; and they have found the causes of economic decay in the exploitation of slave labour by the capitalist. The object of Professor Salvioli is to show that *Naturwirtschaft* remained predominant in the greater part of the Roman Empire. He thinks that the importance of *latifundia* and slave-factories has been much exaggerated. This contention is not altogether new. Ciccotti and other writers have demonstrated that the free craftsman held his own against slave-competition, and that the skilled labour of the Empire never fell into the bondage of capital. Professor Salvioli, however, subjects all the operations of the Roman capitalist to a searching analysis; and in particular attacks the question of the *latifundium*. He denies that *latifundia* were as common as other students have assumed; he maintains that his predecessors have generalised too hastily from the cases of Africa and Southern Italy. Even the original authorities give a misleading impression; for it was the natural tendency of Romans to suppose that the economic system which they saw in Latium and the Campagna was universal throughout Italy. The fact was that a *latifundium* could only be worked as a commercial speculation under conditions which were realised in very few localities. The cost of land-transport was so heavy that it was never worth while to produce corn and other agricultural commodities for the market, unless there was a large town close at hand or unless there was easy access to the sea. In the ordinary Italian *municipia* there was but a small demand for food-stuffs; the ordinary burgher was also a farmer who normally expected that his own land would supply him with the necessities of daily life. No doubt the *latifundia* lying in the neighbourhood of Rome were prejudicial to the interests of the small farmers who had catered for the Roman market in the early days of the Republic. But even the *latifundia* were unable to compete with the corn

supply of the transmarine provinces. A point which Professor Salvioli apparently ignores is that this foreign corn-supply, so far as it was purchased and not exacted as a substitute for taxes, was probably grown on the *latifundia* of the provinces. But there is a great deal to be said for the thesis that the small Italian farmer could not, in any circumstances, have provided the capital with corn at reasonable prices. There was no time in the early history of the Republic when such small farmers had lived by the sale of their produce. If their class vanished away the cause must be found in the burden of military service, in faulty methods of agriculture, and in the fatal temptations presented by the doles and shows of Rome. Sometimes, no doubt, a small farmer was forcibly or fraudulently evicted by the owner of a neighbouring *latifundium*. But the fate of the veteran colonies which were established from time to time in Italy proves that the life of the small farmer had few attractions for those who had tasted the delights of Rome, or fingered the plunder of the provinces; and one man in eight of the free population was regularly exposed to these demoralising influences. To maintain the class of small farmers it would have been necessary not merely to preserve them in possession of their old opportunities, but also to make their industry more profitable; which would have been difficult even if there had been no *latifundia*.

Professor Salvioli writes in an attractive manner, and with a full knowledge of the authorities. There are many descriptive passages of interest to be found in the ten chapters which make up his monograph. We may instance the account of Atticus, who is treated as the typical Roman-capitalist (pp. 43-52); that of the free artisan (pp. 148-154); and that of the *negotiatores*, who flooded the remotest provinces (pp. 232-236). The ninth chapter is a brilliant sketch of the effects which followed upon the enormous and tasteless extravagance of the early Empire. The Roman world was drained of its gold; and a society which had been organised in such a way that coined money was indispensable, found itself driven back upon a system of barter and payments in kind. In his enthusiasm for his subject, Professor Salvioli writes as though all the social ills of the moribund Empire might be traced to this drain of gold. It is hardly needful to enlarge upon the error of this hypothesis. We need only point out that the decreasing birth-rate of the Empire was a calamity at least as great as the drain of gold.

H. W. C. DAVIS

Le Développement de la Fabrique et le Travail à Domicile dans les industries de l'habillement. By ALBERT AFTALION, Professeur adjoint d'Economie Politique à la Faculté de Droit de l'Université de Lille. (Paris : Larose et Tenin.)

THE clothing industries, in M. Aftalion's definition, cover a considerable field. Hosiery (*bonneterie*), boot and shoe making (*chaussure*), tailoring (*confection de vêtements pour hommes*), dressmaking (*confection pour femmes*), and underlinen making (*lingerie*), all fall within the scope of his inquiry. In regard to each of these branches of trade, he traces, first, the development of the factory system, and then the respective provinces of factory work and homework. He goes on to consider the influences which favour or which oppose the growth in these industries of the factory system, and finally considers the social consequences of this growth.

Certain general ideas run like guiding lines through the whole report, and enable the reader to understand the significance of the accumulated details. M. Aftalion shows how the natural field of factory production is the centre of the market—the goods of decent but not superexcellent quality that may be turned out by the dozen or by the gross. Products that are unique or even largely individual demand individual work, and division of labour is practically inapplicable to them. For instance, the court dress of a lady will not pay for being made in a factory, and, indeed, every garment that is to be made specially to fit escapes in some degree from any mechanical system. Work of the very highest class can never be done wholesale, and will always remain in some measure the province of handwork; and handwork and homework are sisters.

At the other end of the scale very poor work remains outside the factory as long as it pays the employer to get it done by hand at very low wages, and so to save the cost of lighting, of workroom space, and of supervision.

The broad, central division, then, belongs to the factory; the narrow extremes on either side are occupied by the handworker, the homeworker, and the worker in workshops. But the proportions of the three sections differ in different branches; in hosiery, for example, the factory takes very nearly the whole of the market, leaving only, in most cases, subsidiary processes of finishing to the lowest class, and a few private orders to the highest class, of workers. In boot and shoe making the uppermost division is slightly larger, and alas! the lowest also. In all the

branches of outer clothing and in women's underlinen the variation in methods of production is much greater. In every department, however, there is constant fluctuation. The invention of an improved machine may bring into the factory work hitherto performed in the worker's home; on the other hand, the development of electricity may, as some writers think probable, bring a tiny motor to work every homemaker's sewing machine, and so vastly extend the sphere of homework. At present, as M. Aftalion justly observes, "home work, or at least an important fraction of that industry, is in the singular position of only surviving, thanks to its evils. Low pay and long working hours are among the chief conditions of its existence."

Among ourselves the factory is spreading pretty rapidly, both upwards and downwards, as far as dressmaking and underlinen are concerned, encroaching, on the one hand, upon the domain of the private dressmaker, and, on the other, upon that of the underpaid homemaker. Among Englishwomen the old-fashioned prejudice against machine-made underclothing has largely died out, and any impartial person must admit that the best machine-made English underwear is fully equal to the best hand-made English underwear, while both are generally inferior in cut and design to similar French garments. These last, however, are almost invariably hand-made. In France the preference for hand-made underclothing is as strong as ever, wherefore, as M. Aftalion reports, "the manufacture of women's underlinen remains in France generally confined to homework and workrooms. The factory scarcely trenches upon this province, on account of the requirements of feminine custom, which demands undergarments sewn exclusively by hand. The large shops in Paris refuse, without examination, to admit into their departments white goods stitched by machine—the only variety which a factory could profitably produce. It is true that at St. Omer and at Argenton, home-workers make women's underclothing by machine; but the goods are of a very cheap kind, bought by the lower classes, and paid for at deplorable rates." M. Aftalion does not touch upon the question whether the garments sold in the Paris shops—at prices little, if at all, higher than those of machine-made garments in London—are produced to any great extent in convents or prisons. This is currently reported to be the case; and, if it is so, the machine-made product is possibly kept out of the market by an artificially cheap competition.

One curious and sinister development of American monopoly is mentioned in the analysis of the boot trade. The United

Shoe Machinery Company refuses to sell its most valuable machines, and only hires them out on payment of a fixed sum and a percentage upon the work performed as indicated by a mechanical reckoner. "To buy or hire a single set of the forty machines belonging to the Goodyear series requires an immediate outlay of more than £1,600 (40,000 francs). A large factory would want several sets." This method is, no doubt, perfectly familiar to the wholesale manufacturer of boots and shoes, but has hardly yet fallen under the notice of the general reader, and may well furnish food for his reflections.

The whole volume is full of interesting detail, and its style is marked by that agreeable lucidity and readableness which we have learned to expect even in the writings of the scientific specialist, when he happens to be French.

CLEMENTINA BLACK

La Grèce Actuelle au point de vue Économique et Financier. By EDMOND THÉRY. (Paris : *Economiste Européen*. Pp. 222.)

THE need of a work dealing with the economic and financial situation of Greece was much felt by all the foreigners interested in that country. Since Leconte's *Tableau Économique de la Grèce* (1847) no such work was ever published. It is true that much valuable information was to be gathered from the English official reports, mainly those of Sir E. F. Law and Mr. H. P. Harvey, as well as from the French *Livre Jaune* of 1898 (*Arrangement financier avec la Grèce*). But these documents did not aim at giving a full account of the situation, and by reason of their official nature, tended more towards indicating than treating many questions.

On the other hand, Greek official documents are comparatively scarce, and, with the exception of the quarterly publications on trade, are issued only in Greek. Consequently, they are of little use to the foreigner.

M. Théry has made good use of all the information he could derive from published material, both Greek and foreign. He was also able, with the assistance of the Greek Government, the French diplomatic and consular officials, the Greek banks and other financial institutions, to collect and group together valuable information and many statistic data now published for the first time. This renders his book very precious, and the skill he displayed in marshalling his facts makes it most acceptable.

Indeed, one would be amazed when comparing the result obtained with the quickness with which *La Grèce Actuelle* was written, if one did not take into account M. Théry's previous works.

The author, who, I need not add, is the editor of the *Économiste Européen*, is well known by many a similar contribution on the finances of Italy, Brazil, Roumania, Bulgaria, &c. It is scarcely necessary to dwell again on the ability he displays in dealing with figures and the clearness with which he explains the more complicated questions. That gift of clearness is particularly precious in works of this kind, as the writer has to give to the reader in a short sketch, a clear notion of countries, institutions, or financial problems he might never have heard before.

La Grèce Actuelle is divided in two main parts: in the first the author deals with the Greek public debt, in the second he compares the economic situation of Greece in 1896 to that of 1904.

Speaking of the Greek debt he indicates the facts that led to the financial arrangement of 1898, and exposes the results of this arrangement. According to it the bondholders, besides receiving 43 per cent. and 32 per cent. of their original coupons, were to benefit: (a) from the increase of certain revenues affected to the debt; (b) from the fall of the exchange; (c) from the addition to the interest of the redeemed bonds.

The revenue affected to the debt were, the author points out (p. 64), happily chosen, as they were the only Greek revenues that were likely to increase speedily; on the other hand, the fall of the exchange was to be promoted by the obligation which the Greek Government undertook to withdraw from the circulation 2,000,000 dr. per annum. Lastly, care was taken to organise an important sinking fund.

The result of the arrangement for the bondholders may be judged from the following table:—

AVERAGE VALUE OF THE GREEK BONDS IN THE MARKETS OF PARIS AND LONDON.

Loans.	1896.	1904.	Increase in 1904.	
			Francs.	Per cent.
1887, 4 per cent.	148,75	241,85	93,10	62
1881, 5 "	144,35	240,35	96	66
1884, 5 "	144,35	237,25	92,90	64
1889, 4 "	117,25	186,80	69,55	59
1890, 5 "	136,55	231,30	94,75	69
1893, funding	140	228,40	88,40	63

According to the arrangement of 1898 the average exchange, for 100 francs gold was estimated at 165 drachmas paper; in 1904 it stood about 138; since then it has fallen as low as 110; in consequence, the position of the bondholder has undergone a new improvement.

So far for the public debt. The improvement of the Government's finances is testified to by the following table, giving a comparison of the revenue in the years 1896 and 1903.

	1896.	1903.	Difference for 1903.
Direct taxes	18,516,100	19,322,500	+ 776,400 dr.
Duties and excise	31,432,500	45,206,900	+ 10,744,400 „
Stamps and dues	17,128,500	19,158,700	+ 2,030,200 „
Monopolies	12,091,600	15,279,300	+ 3,184,700 „
State property	4,146,600	5,992,000	+ 1,845,400 „
Sale of State property	1,042,100	888,600	- 153,500 „
Repayments and deductions	1,489,400	2,810,000	+ 794,600 „
Sundries	8,051,900	6,702,200	- 1,349,700 „
Totals	96,931,700	111,834,300	+ 17,902,600 dr.

Thus in seven years there was an increase of 17,902,600 dr. in the public revenue, and this is the more noteworthy as, with the exception of an increase of the tobacco duty, neither new taxes were voted nor the old ones increased, and that during this period of seven years many Greek provinces suffered heavily from the Greco-Turkish war of 1897.

After having examined the financial condition of the State, M. Théry undertakes the study of the economic situation of the country in general. This affords him an opportunity of surveying the progress made by Greece in the different branches of production and commerce, and in this respect his work agrees in many points with Mr. Harvey's report on "The Economic Progress of Greece During the Last Decade (1892-1902)."

Broadly speaking, M. Théry's survey constitutes a record of progress.

In many branches the progress has been most remarkable. For instance, in 1896 the mercantile marine of Greece was composed of 107 steam vessels, representing a net tonnage of 88,968 tons; in 1904 the Greek flag was flying on 201 steamers, with 214,841 tons. Again, in 1896 the Greek railways covered 949 kilometres with 8,091,000 dr. gross receipts, while in 1904 they covered 1,340 kilometres, and their receipts amounted to

12,471,600 dr. Moreover, the percentage of the expenses was reduced from 57·6 to 54·5 per cent.

The progress of the foreign trade of Greece is summed up in the following figures :—

	Imports.	Exports.
1896.....	116,300,000 francs	72,500,000 francs
1904.....	137,700,000 „	91,300,000 „

M. Théry devotes thirty pages (pp. 116–145) to Greek agriculture. He shows that the production of corn has greatly increased,¹ owing to a certain extent to the steady substitution of modern ploughs to the antiquated wooden plough of Hesiod. He points out a noteworthy increase in the production and exportation of tobacco, oil, dry and fresh fruit, cotton haschich, &c. The figures for tobacco and oil are these :—

	Tobacco produced.	Tobacco exported.
1896.....	4,379,000 ocques	2,283,000 ocques
1904.....	7,945,000 „	3,414,000 „

	Oil and olives exported.	Value in francs.
1896.....	5,636,593 ocques	4,144,821
1904.....	9,717,954 „	6,976,000

There has also been a great increase in the production of currants and wine ; but owing to the closure of the French and Italian markets there has been in both these branches of agriculture a serious crisis of over-production.

The present reviewer has dealt somewhat at length with the currant crisis (ECONOMIC JOURNAL, March, 1905) ; the exportation of wine has, according to M. Théry, passed, during the period of 1896–1904, from 232,362 to 457,259 hectolitres ; but the average price per hectolitre has fallen from 18dr.93 to 9dr.08 ; a decrease of more than 50 per cent.

The editor of the *Économiste Européen* devotes also great attention to Greek banks and shares ; here, again, he finds much to praise ; he insists on the fact of the development of banking deposits. In 1894 the amount deposited with the Banque d'Athènes, the most important of Greek joint-stock banks, amounted only to 3,198,000 dr. ; in 1904 it reached 40,798,000 dr. The best proof of the wonderful improvement of the economic situation in Greece is furnished by a comparison of the marketable value of the Greek stocks in 1896 and 1904.

¹ From 2,312,720 metric quintals in 1896 to 2,680,160 in 1904.

	1896.	1904.
Banks.....	174,469,000 dr.	231,903,000 dr.
Railways	47,589,000 „	66,526,000 „
Navigation companies	3,380,000 „	3,890,000 „
Lighting companies and public works	10,955,000 „	22,258,000 „
Industrial companies	4,992,000 „	7,790,000 „
Mining „	15,249,000 „	16,269,000 „
Various „	9,280,000 „	16,756,000 „
Total.....	265,814,000 dr.	365,392,000 dr.

Thus in eight years these have increased by 99,578,000 dr.

M. Théry's work gives also a plan for fixing the exchange at 125 per cent., and for the unification of the Greek public debt. But the limits of this review will not permit the discussion of these rather thorny problems.

A. ANDRÉADÈS

Socialismus und Sociale Bewegung. By WERNER SOMBART, Professor at the University of Breslau. (Fünfte neugearbeitete Auflage. Jena : Gustav Fischer, 1905. Pp. 329.)

PROFESSOR SOMBART'S study of Socialism, of which an English translation was published in 1898, here appears in a form which constitutes virtually a new book. The author has not in any way modified his general conception of Socialism and of the Social (or proletarian) movement; he still looks to Marx as the founder of the effective Socialism that exists: he still regards Socialism itself as a necessary development of a capitalistic society: and he still sees in it a double tendency—towards the development of national peculiarities and (in an increasing degree) towards unity of aim and method. On the other hand, the treatment is fuller and more comprehensive. More attention is given to the fundamental ideas of Socialism, and "the chronicle of the Social movement" is not only brought up to date, but extended to every European State. Greater attention, again, is given to the "problems" of contemporary Socialism: and in particular more effort has been made to separate the "live" from the "dead" elements in Marxism. These additions considerably enhance the value of what has been generally recognised as being at once the most genial as well as the most comprehensive and suggestive review of Socialism. It is moreover, not only an eminently detached and "objective," but also an

eminently relevant study. It offers to the general reader just what the author intends—a brief, pointed, well-defined view of “Socialism and the Social movement in the nineteenth century.”

The older Socialism, generally described as Utopian, is further characterised as “rational” in distinction from realistic and evolutionary Socialism. The latter is described as passing through two stages of dogmatism and of criticism.

The significance of Marx is found in the precision which he gave at once to the aim and to the method of the Social movement: its aim is the communisation of the means of production, and its method the class-struggle. Modern Socialism is at once a development and a criticism of these central ideas. Professor Sombart not only reaffirms (against the criticism of Mehring and others) the existence of two Marxs—an Utopian and a realistic Marx, but subjects the Marxian theory of economic evolution to a searching criticism, and shows how, within the ranks of Socialism itself, criticism of Marx has developed into reaction against the whole method of “Marxism” as such. The higher criticism has resulted in what is at once a freer and a more ideal type of Socialism—represented pre-eminently by a Socialist after the manner and fashion of Jean Jaures. The chapters on “The antecedents of the Social movement,” and “The development of national peculiarities,” have been largely re-written. The comparative view of the English, French, and German types of Socialism is not the least instructive feature of Prof. Sombart’s study: but the most important as well as the most developed part of the new edition is devoted to the question of the tendency towards unity, external and internal, in the Social movement. Professor Sombart shows how the new international movement differs from the old, both in form and in essence: the idea of international solidarity now finds expression in formal “international congresses,” the members of which are representatives of national organisations, and occupy themselves less with abstractions and more with policy. But the new international movement not only presupposes but solidifies community of interest among the workers of different countries. “At the same time, this community of interest (which finds its expression in protests against militarism and imperialism) rests upon the recognition of the “rights of nations” as separate and independent “vehicles of culture.” As regards the inner politics of the Social movement, Professor Sombart considers that the underlying unity of ideas is much deeper than the differences that appear on the surface: there is, in particular, a growing tendency to

recognise that parliamentary action, trade-unionism, and co-operation necessarily supplement one another in the fulfilment of the common purpose; while the issues between the "Revolutionaries" and the "Reformists" are issues of tactics rather than of principles. Professor Sombart illustrates this view of the social movement by a comparative survey of the form which it has taken in different countries—a particularly interesting and instructive section.

Professor Sombart concludes that the significance of the Social movement lies in the fact that it is essentially a proletarian movement, that it necessarily has Socialism for its end and the class-war for its method. The idea of the class-war itself is further explained and defended: though Professor Sombart hardly does justice to the objection that it is after all to a great extent an unreal abstraction. Finally, two appendices are devoted to a "Guide through Socialistic Literature," and a comparative chronicle of the Social movement from 1750-1905. We may certainly subscribe to the opinion of Professor J. B. Clark expressed (in his introduction to the English translation of 1898) that Professor Sombart's book "will take its place among the more valuable of the works on Socialism that have thus far appeared." His work, as Professor Clark observes, is an early representative of the coming type of books on Socialism: "it treats of realities, and of thought that connects itself with realities." Certainly from this point of view a better introduction to the study of Socialism as it exists could hardly be desired. Professor Sombart is silent as to the prospects or ultimate justification of the movement he describes: but his object is not so much to form the judgment of his readers as to give them materials on which they can form a judgment for themselves. The motto which he prefixes to his study—"je ne propose rien: je n'impose rien: j'expose"—exactly represents its character, and, we may add, its peculiar merit and value.

SIDNEY BALL

Das Gesetz des Abnehmenden Bodenertrages seit Justus von Liebig. By JOSEPH ESSLEN. (Munich: J. Schweitzer, Verlag.)

DR. ESSLEN'S study of the Law of Diminishing Returns is not purely theoretical in its scope; at least half of his book is devoted to an examination of the progress of the practical improvements in agriculture which may avert its operation. It is, therefore, natural that he should take as the starting point of his inquiry

the enunciation by Liebig in 1840 of those theories of soil exhaustion and plant nourishment from which modern agricultural chemistry may almost be said to date. Liebig declared that by skilful manuring the constituents taken from the soil by the growth on it of any sort of cereal ought to be, and could be, restored. He was of opinion that this restoration of value could be so complete as to nullify the law of diminishing returns. His experiments in the composition of manures did not, indeed, quite confirm his theory; but ever since his day the efforts of chemists and practical agriculturists have been inspired by the hope that such nullification of the law is possible.

Starting from this point, Dr. Esslen traces the history of the law in economic and technical literature from 1840 down to the present day, thus completing the work begun by Dr. Hans Black in his "*Das Gesetz des abnehmenden Bodenetrages seit J. S. Mill.*" His study, as he himself declares, is largely bibliographical.

He begins by pointing out that although the conditions of Germany in Liebig's time were such that a considerable profitable increase in the productivity of the soil was possible, there was a point, as Von Thünen brought out very clearly, beyond which intensive cultivation could not well be carried.

It was by overlooking the essentially economic importance of the element of cost in relation to increased product that those who attempted to deny the law fell into error. This is well brought out by Dr. Esslen. While prices remained high between 1840 and 1876, German landlords denied the law; and it was not until after 1876, when the development of transport made the great supplies of the virgin fields of America available for importation that the arguments used more than a quarter of a century ago by West, Torrens, and Ricardo were heard in Germany. The Socialists made Ricardo's theory the basis of their attacks upon private property in land; the landlords, desirous of keeping the home markets in their own hands, turned first to "high farming as a remedy for low prices." Dr. Esslen cites a number of treatises on this theme, and discusses in some detail the results of practical and chemical experiment. But he shows that although the law of diminishing returns is a statement of a tendency assuming a given state of the arts of agriculture, the advances that have been made in the knowledge of plant physiology and the constitution of manures, great though they are, have not been sufficient to counteract that tendency in an old country like Germany.

Thus the author shows that the agricultural experience of Germany corroborates the view that Carey's optimism is only justified during the periods within which the law is temporarily counteracted. He completely establishes the fact that only on one condition can Germany hope to be self-supporting in respect of its corn supply, namely, by accepting a vastly enhanced burden of cost.

M. A. HAMILTON

Die Weltwirtschaft. Ein Jahr- und Lesebuch. Herausgegeben von E. VON HALLE. I. Jahrgang, 1906 : I. Teil, *Internationale Übersichten*; II. Teil, *Deutschland*. (B. C. Teubner in Leipzig und Berlin, 1906.) (I. Teil, 6 marks; II. Teil, 4 marks.)

So far as can be judged from a cursory study, this new Year-Book of Commerce merits unstinted praise. The monographs are clear and concise, the statistical tables well arranged. In the first part a valuable conspectus is afforded of the position of the industrial and agricultural nations as producers of food and raw materials. Several very instructive articles are given as to the supply and distribution of the precious metals, with a brief historical retrospect, and as to the course of prices and exchange. International trade, however, is dismissed very briefly, and it may be hoped that in future issues an effort will be made to overcome the great difficulties of a comparative study of exports at their source and imports at the destination. In the railway statistics England is conspicuous with blanks instead of information. In the second part similar statistics and articles are furnished for Germany alone. The third part (announced for August of this year) is to contain an account of the industry and commerce of other nations. The publication is imperfect, in that it contains no account of population, occupations, or wages, though it deals with the labour market and with trade unions in the case of Germany. We have to thank the editor for a reasoned account of large groups of inaccessible statistics, apparently free from the inaccurate estimates which sometimes characterise similar publications, issued at a moderate price. It deserves a place in all libraries of reference, and is not too bulky for the shelves of a study.

A. L. BOWLEY

Die Technik des Welthandels. By PROF. DR. ⁶RUDOLF SONNDORFER. 3rd Edition; revised 1905. 2 vols. (Wien und Leipzig: Alfred Hölder.)

IN the enlarged and revised third edition of his text-book for commercial students, Dr. Sonndorfer has introduced a considerable amount of matter in addition to that found in the useful second edition. The changes of the six years intervening between the two editions have been carefully followed. While the general plan of the work remains as before, the treatment of special topics is carried further in the new issue. Those sections which deal with the mercantile operations in particular commodities—wheat, petroleum, cotton, &c.—have been separated from the more general sections, and form the second volume. This volume contains, not merely information on new developments in the various markets discussed in the second edition, but new sections, dealing with materials whose markets were not discussed in detail in the preceding edition. The important section on coal and iron could not be finished in time for the volume, and the supplement dealing with these commodities has not yet reached us.

Among the new and valuable features of the present edition may be mentioned a discussion of the German Bourse legislation, and of the results of the Brussels Sugar Convention. A work of very great value has been rendered even more useful to students and to teachers by the careful revision to which Dr. Sonndorfer has subjected his text-book, and by the additions which he has found opportunity to make.

A. W. FLUX

Abriss der Sociologie. By ALBERT G. F. SCHÄFFLE. (Tübingen, 4 marks.)

THE author's earlier work, *Bau und Leben des Socialen Körpers*, was criticised, like Herbert Spencer's sociological works, on the ground that too much was made of biological analogies. The present work was undertaken with a view to removing misconceptions as to the importance which the author attached to these analogies.

The work seems also to have had some connection with the author's interest in the discussions which preceded the establishment of the new tariff.

The agrarians raised the familiar alarm about impending ruin. Schäffle insisted upon the necessity for further inquiry whether

the agrarian difficulties were not the accompaniment merely of change and development. He proposed to undertake a more detailed inquiry into the system of agriculture, rents, prices, &c., but the tariff was accepted by the Reichstag before that inquiry was finished, and instead of pursuing the practical question, Schäffle turned to consider what development consists in, and to elaborate his system of sociology.

It must be confessed that the book is disappointing, like so many books entitled "Sociology." The question to what extent words and analogies may be borrowed from biology has rather lost interest. We must confess to being unable to get up much enthusiasm over the question whether the State has consciousness and unity analogous to the individual. The reader is anxious to get on in order to see what is to be the outcome of it all. The descriptive account of society is not, like some so-called "sociologies," merely another name for anthropology or politics or economics, though it approximates more nearly to the earlier chapters of works on economics. All detail is left to the special sciences. But the result is that nothing much beyond rather elementary and commonplace matter is left.

We turn towards the last chapter, which promises to introduce the subject of social "pathology," in the hope that we shall learn how to distinguish between disturbances which are due to normal healthy development, and those which are to be regarded as pathological. How is Schäffle going to convince the German landowner that the diminution of his rent is only the outcome of healthy development? We are doomed to disappointment. The book comes to an end before the clue is discovered. We can only regret that the brilliant author is no longer living to throw further light on it.

C. F. BICKERDIKE

Die Stahlindustrie der Vereinigten Staaten von Amerika in ihren heutigen Produktions- und Absatz-Verhältnissen. By DR. HERMANN LEVY. Pp. vi. + 364. (Berlin: Julius Springer, 1905.)

DR. HERMANN LEVY, whose book on English agriculture (*Entstehung und Rückgang des Landwirtschaftlichen Grossbetriebes in England*) is favourably known to British economists, has been making an investigation into the steel trade of the United States; and, in a volume so well printed that it is a pleasure to handle it, he gives in a highly readable form the results of this

inquiry. The book contains such a mass of details, that it is impossible to review its 364 pages in any other manner than by sampling their contents. For this purpose let us see how much light Dr. Levy throws upon an economic problem presented by a line which has appeared, day after day for many years, in the "American Produce Report" of *The Times*, and which during all this time has stated with absolutely unvarying monotony, that the price of steel rails in the United States is "28 dols. net on cars at Eastern mills." The raw material of steel rails is, of course, pig iron; and the reader will not need to be told that the price of pig iron in the United States has during the last few years jumped up and down with considerable energy. Why is it, one feels compelled to ask, that all these oscillations in the price of the raw material never have the slightest influence on the price of steel rails? Here are the figures, as given by Dr. Levy. In 1902, when the price of steel rails was (as now) 28 dols. per ton, Bessemer pig iron cost 20 dols. 67 cents. per ton, so that the margin between raw material and finished product was 7 dols. 33 cents. In 1903 this margin (with rails still quoted at 28 dols.) was raised by the fall, which took place in the price of pig iron, to 9 dols. 12 cents.; and in 1904, when the price of rails was again 28 dols., this margin was increased to 14 dols. 24 cents. Thus, with the cost of production exhibiting the most striking oscillations, the price of the finished product appears to have remained throughout this lengthy period absolutely stable.

The explanation of this singular economic phenomenon is, according to Dr. Levy, to be found in the fact, that during the whole of this period the United States rail output was controlled by a "gentlemen's agreement" among the producers of steel rails, by which the price was fixed quite irrespective of the cost of production.

The greatest puzzle of all is, not so much that the pool is able to keep rails so dear when pig iron is cheap, as that this powerful combination, which has had the American market secured to it by the United States import duty on rails of 7 dols. 84 cents. per ton, and also for some time past by an international agreement, to which nearly all the rail-mills of the world are parties, and under which the European rail manufacturers are forbidden to sell rails to the United States, does not put the price of rails up above 28 dols., when (as has recently been the case) pig iron is very dear.

Of this conundrum Dr. Levy offers several solutions, one of which is his suggestion, that the pool is afraid that, if they

were to put the price up so high as to yield to the rail manufacturers even higher profits than at present (11 to 15 dols. per ton, according to him), then a dangerous stimulus would be given to outside capitalists to start new rail mills in competition with the pool. Another consideration, which, as Dr. Levy points out, the rail pool has to take into account, is, that if the price of rails were raised above 28 dols. per ton, then, when American rails (as he states to be the case) are sold to Canada at 20 dols. per ton, the voters in the United States might be even more indignant than they now are at the machinations of the pool. Certainly it might be very awkward for this combination if the American public were to insist that the stringent United States laws intended to prevent the artificial enhancement of prices should be put into force against it. Nor can the rail pool entirely afford to ignore the possibility of an alteration in the United States tariff, which would deprive it of that wall of protection behind which it at present carries on with so much success its manipulation of prices. Only the other day Mr. Bryan, in the course of his canvass for the Presidency, gave utterance to a threat of no mean significance. "There never was" (he said) "a time when tariff reform could be more easily entered upon; for the manufacturers, by selling abroad cheaper than at home, as many of them do, have not only shown their ingratitude towards those who have built the tariff wall for them, but they have demonstrated their ability to sell in competition with the world. The high tariff has long been a burden to the consumers of the United States, and it is growing more and more a menace to our foreign commerce because it provokes resentment and arouses retaliation."

To the present writer, this stereotyped price of 28 dols. per ton, uniform through all fluctuations of demand, and wholly irrespective of the great variations in cost of production due to the constant upward and downward movements in the price of pig iron, remains, even after all these lucid explanations, by no means free from a certain element of mystery. He finds it impossible to avoid asking himself whether, perhaps, a limit is put to the exactions of the rail manufacturers by their fear of quarrelling with the railway companies, who might make themselves nasty in the matter of rates (to say nothing of rebates). Then, again, does the official quotation really show the price at which the American railways place their contracts for rails? In times of depression would not these contracts, if we could see them, disclose the fact that the railways were more or less successfully squeezing the rail manufacturers? (It is to be noted that in the latter part of

1903 it was stated in important organs of the American, the British, and the German Press, that secret cuts of several dollars per ton were taking place in the price of rails in the United States.¹) And when trade is brisk, would not the account-books of the American railway companies, if they could be inspected, prove that the companies were paying for their rail supplies (say, in the shape of premiums for prompt delivery) a price appreciably higher than this eternal, unvarying quotation of "28 dols. net on cars at Eastern Mills"?

DAVID F. SCHLOSS

¹ It has recently been stated on apparently good authority, that in some cases the concessions obtained by the railway companies took the following ingenious shape. The buying company would pay the full price of \$28 per ton for all the rails which it bought, but only on condition that the sellers of these new rails bought from the company a proportionate amount of old, worn-out rails (for scrap) at a price largely in excess of the current quotation for old rails.

NOTES AND MEMORANDA

THE SMALL LANDHOLDERS (SCOTLAND) BILL.

THIS Bill is of a wholly unexpected character. The idea generally associated with the *extension* of the existing Crofters Act of 1886 was the grammatically correct one, that the provisions of that Act should be extended beyond the limits of the seven crofting counties to a similar class of agricultural population in other parts of Scotland. In 1886 the statutory status of a crofter was determined mainly by three conditions: (1) The maximum rent of £30; (2) no lease; (3) the existence of common grazings in the parish within a certain period prior to 1886. Such were the crofters entitled to the benefits of the Act, which were chiefly fair rent and safe tenure so long as rent was paid. The extension now proposed not only raises the maximum rent from £30 to £50, thus introducing a totally different class of occupants, but is to apply to tenants under leases up to the last-mentioned rent, and is to apply to the whole of Scotland, wholly irrespective of historical circumstances and of the practical existence of what may be called crofter tenure in any district. It may be that the proposals of the Bill are justified by the condition of agriculture in Scotland, but it will be admitted that such justification must be found outside and apart from the policy of the Crofters Act. That statute proceeded on the report of a Royal Commission, whose inquiries had been limited to the Highlands and islands. It made no inquiry into the condition of agriculture in the other parts of Scotland. Its recommendations were by no means unanimous, but the limitation to a rental of £30 was regarded as excluding cases to which the crofter policy, even in the Highlands, could not with safety be applied. *Inclusio unius, exclusio alterius*. A similar observation may be made, but with greater emphasis, in regard to the exclusion of leases. The larger rent points directly to an economic difference; the lease points also

to a difference in the human factor. Again, it was useless to suggest a crofter policy, except where a supply of common grazing existed, or had disappeared in comparatively recent times. It is not universally known how cardinal a point this is in the policy; see the Regulation of Grazings Act, 1891, providing for the appointment of committees of crofters. Thus, if there be any presumption at all in favour of free contract in transactions concerning land, the authority of the Act of 1886 would appear to be against the proposals of the present Bill. In a pamphlet of acute reasoning, published in 1884, Professor Shield Nicholson discussed the conclusions of the Napier Commission report, and contended that no case had been made out for any Government interference, or at least for the ambitious ideas foreshadowed in that report. Needless to say, his reasoning, with all of which I do not agree, would apply with double force to the new proposals. For this Bill not only overleaps the bounds set by the Act of 1886, it also removes two leading safeguards provided by that Act. The real weakness of the crofter position was that the crofter had not a sufficiently large croft to make a living on or to give him occupation throughout the year. Hence the provisions in the statute for the enlargement of crofts. But at whose expense were these enlargements to be made? Was the unsuccessful industry of the crofter to be assisted at the expense of the successful tenant farmer? This could not be faced in the general interests of agriculture. So extension of crofts was authorised only where farm land not under current lease was available, and the landlord, as usual, was made the scapegoat for the economic sins of society. This condition, however, the present Bill proposes to remove. Again, on the same principles, the object in view being to promote agriculture by a resident crofter, and not to afford facilities for a crofter carrying on two trades and spoiling both, or for the further subdivision of the croft, it was made a statutory condition of the crofter tenure that no additional dwelling-houses should be erected on the land. This condition also the Bill proposes to abolish. It is perhaps unnecessary to go further into the merits of the Bill at present. It seems certain that no attempt will be made to push it forward until at least the report of Lord Jersey's Committee on Small Holdings has been presented. But two observations of a general character may be made. (1) The general argument in favour of small holdings, from Thornton's book downwards, has been an argument in favour of peasant proprietorship. Only the magic of full property was supposed to compensate the economic disadvantages of *la petite*

culture. But this Bill, relying on general experience, and not proceeding on any local inquiry, proposes to introduce, not peasant proprietorship, but dual ownership according to the modern Irish type. In other words, in Scotland, the chosen home of progressive, scientific, and successful agriculture, it would revert to what is really an archaic type of tenure, treated by the Royal Commission itself as peculiar, local, due to historical causes not existing elsewhere; a tenure, moreover, of which the recent experience in Ireland was not satisfactory, because all parties agreed to substitute for it a system of land purchase. (2) The Bill, which is essentially one for the multiplication of small holdings, fails to grapple with one essential difference between the Highland croft and the rented farm in any part of Scotland. On the crofts, as a rule, the primitive houses and steading have been erected by the crofter or his predecessors, and in many cases the soil has first been reclaimed by the same parties. In fact, the soil, such as it is, would probably be reclaimed only for the purposes of the croft, and certainly not for the exportation of crops. In the Lowlands, on the other hand, and almost universally under the system of leases in Scotland, at least in modern times, the landlord has erected the buildings and the fences, and executed the drainage and made the roads. It has been calculated that in the new tenancies to which the Bill in some of its provisions is intended to apply the capital so invested by the landlords in the soil amounts to not less a sum than £60,000,000. These buildings are, of course, unsuitable, for the most part, for the small holdings which it is the object of the Bill to multiply; and should these holdings be multiplied in any particular district, not only will new buildings be required for them in each case, but the value of the buildings already erected will obviously be deteriorated to an indefinite extent. These considerations have not been present to the mind of the framer of this Bill, the financial proposals being of a grotesquely minute character, except in the case of the salaries of the various new Commissioners. To sum up: The Bill (1) upsets the carefully adjusted limits of the system introduced in 1886; (2) breaks existing contracts up to the limit of £50 rental; (3) proposes to substitute, as far as possible, a crofter system up to the limit of £50 for the existing system of agriculture. All these objects are stated as desirable without even an official report on the general results of the Act of 1886, and without any inquiry into the condition of agriculture in the Lowlands. It is not surprising that the Chamber of Agriculture, which represents mainly the views of tenant farmers, has sug-

gested that the Bill be delayed until such inquiry has taken place; while numerous associations of landlords have protested against the idea that the administration of their estates should be taken from them, and that at the same time rents should be fixed by a Parliamentary Commission. The Scottish tenant farmers are an industrious and enterprising race, but they would be the first to acknowledge that the land owes much to the judicious application of capital by the landlords, probably more than half its present market value. It seems a questionable policy to dry up this source of developing natural wealth by transferring the land to a Commission. The writer strongly believes in the moral value to the State of a large rural population, able to support itself, and, were the agricultural population really disappearing, the political situation might call for a heroic measure of land purchase and colonisation. But the present Bill seems a crude measure, not directed to the interests of agriculture, and not beyond the suspicion of attempting a social revolution "on the cheap."

WILLIAM C. SMITH

THE QUESTION OF AN EXPORT DUTY ON IRON ORE IN SWEDEN.

CENTRAL SWEDEN contains a region of iron ore fields, which have been worked since olden times. These ores are generally of a high quality, being for the most part remarkably free from phosphorus. Reduced with charcoal they produce an iron which has won world-wide reputation. But in respect to quantity this Swedish production of pig-iron has continually lost in relative importance, and does not much exceed one per cent. of the world's production at the present time.

In the northernmost part of the country, above the Polar Circle, Sweden possesses, however, other iron ore fields, which have only been worked the last few years. The most important of these Lappland ore-deposits are Kirunavara and Gellivard. Both are very rich. Kirunavara-Luossavara has a horizontal section of about 500,000 square metres, and contains very probably at least 800 million tons. In Gellivard the quantity of iron ore is estimated to about 128 million tons. The iron percentage of these ores is very high. While Cleveland ores average about 27 to 28 per cent. of iron and the best Spanish export ores somewhat above 50 per cent., the Lappland ores contain from 64 to 66 per cent. of iron. Most of the ores in North Sweden contain a high percentage of

phosphorus, but there are also ores which are relatively free from phosphorus.

From these Lappland fields, and from the very important Grängesberg field in Central Sweden, a considerable export has grown up in the last years. In 1890 the total export from these sources was 188 thousand tons, in 1900 1,620 thousand tons. In 1903 began the export from Kirunavara, and already in 1905 nearly 1,400,000 tons were mined on this place alone. The greatest part of the Swedish export of iron ore goes to the western part of Germany, where it is used in the basic process mixed with other poorer ores. Some qualities which are relatively free from phosphorus are also exported to England.

From Gellivard the exportation on a large scale commenced in 1892. The freight is 3 kronor (about 3s. 4d.) per ton by rail to Lulea, and from there to Rotterdam by steamer about 7s. per ton. From Kiruna, the railway station at Kirunavara, the ore is exported to Larvik at the Atlantic coast of Norway. The mining company has the right to ship on the railway 1·2 million tons yearly. For this quantity it has to pay all expenses and 3·8 per cent. on the capital expended on the railway from Gellivard to the Norwegian frontier. The actual freight on this part of the line is about 2s. 7d. The whole railway from Lulea to Gellivard, Kiruna and the Norwegian frontier belongs to the State. Consequently the Government is able to regulate the exports, so far as they exceed 1·2 million tons, by means of the railway tariff.

Kirunavara, Gellivard and Grängesberg are all under the control of a large company, the Grängesberg-Oxelösund Traffic Company. The regulation of the export of iron ore is, therefore, mainly a question between the Government and this Company.

The idea of laying an export duty on iron ore has originated from different sources. The ore deposits of the Lappland mountains, some people say, were originally the property of the State and ought to have remained so. The community cannot allow a private company to exhaust, in the interest of its shareholders, these national riches. The State should, therefore, under the present circumstances, by a high export duty on the ore, claim its due part of the profits. This argument seems rather socialistic, but is, curiously enough, maintained even by conservative people.

From the Protectionist's point of view it is argued that an export duty on iron ore is necessary in order to protect the home iron industry. There are, very naturally, some exaggerated

opinions about the importance for the European blast furnaces of the exceptionally rich Swedish ores. An export duty on Swedish iron ore, it is argued, would place the foreign iron-making districts at a disadvantage as compared with the Swedish home industry. From another point of view the purpose of the duty should be to compel the ore-exporters to sell their ore cheaper on the home market or to engage themselves in the production of pig-iron and steel.

It has also been proposed that the Government should use the proceeds of the duty for the development of the home industry, especially in the form of grants for scientific experiments on a large scale.

These arguments are frequently interwoven with the idea that we should spare our ore-deposits for the future. This policy has hitherto restrained the exports from Kirunavara within the comparatively narrow limits of $1\frac{1}{2}$ million tons. From the opposite side it is argued that the Kiruna ores will probably last for 200 years, even if the speed of mining were trebled. Hence it would be bad economy if we did not now transform the ores into fertile capital at the highest speed which the means of communication allow. The present railroad from Kiruna to the Atlantic could, after some improvements, transport three or four million tons yearly. If it were made double-tracked the exports could, of course, be still more augmented.

Against the proposed export duty speaks the fact that iron ore also is exported from mines in Central Sweden. This export, which, with the exception of Grängesberg, is on a small scale, could scarcely bear any export duty. On the other hand, an export duty is obviously unnecessary, as the exports from the Grängesberg and the main Lappland ore fields can be regulated by the more convenient method of an agreement between the State and the Grängesberg-Oxelösund Traffic Company. In such an agreement the Government should always be able to come to very good terms, as it controls the Lappland railway. This was seen this year, when the Government had made a contract with the company, by which the company's Lappland mines, after fifty years, would become State property. (This contract was, however, rejected by the Riksdag.)

A policy of restraining the growing exports of the mainly phosphoric Lappland ores can obviously be of no use for the old iron industry of Central Sweden, which depends for its existence on materials of the very highest class. Nor does such a policy seem the right means to call forth a modern basic-iron industry on

a large scale. On the contrary, a large export of iron ore would strengthen the economic forces of the country, and thus prepare the way for a new iron-age.

By the recent commercial treaty with Germany Sweden has consented not to lay any export duty on iron ore before the end of 1910. Consequently, the struggle has for the present come to an end. Even for the future it seems probable that the export duty on iron ore will be sacrificed for securing commercial advantages or guarantees against bad treatment.

G. CASSEL

SUMMARY OF OFFICIAL REPORTS CONCERNING THE FEEDING OF SCHOOL CHILDREN.

1. IN March, 1903, public attention was called afresh to this question by the *Report of the Royal Commission on Physical Training (Scotland)*. The views of the Commissioners on the food question are indicated in the following extracts:—

It is "most desirable that increased attention should be paid to the feeding of children attending the State-aided schools."

"The powers of School Boards might, no doubt, be increased in the direction of establishing a system of better feeding, but this raises serious questions. It is matter for grave consideration whether the valuable asset to the nation in the improved moral and physical state of a large number of future citizens counterbalances the evils of impaired parental responsibility, or whether voluntary agency may be trusted to do this work with more discrimination, and consequently less danger, than a statutory system.

"It would be in many cases an inestimable advantage could regular and sufficient meals—such as broth, porridge and milk, or bread and milk—be provided at a minimum cost. The preparation and cooking of these meals, where it is found necessary to provide them, ought to be regarded as one of the charges incident to school management. In like manner we think that an obligation for the proper supervision of the feeding of those who come for instruction should be regarded as one of the duties of school authorities, and that teachers should be instructed to take note of all children apparently ill fed.

"We are entirely of the opinion, frequently expressed by many of the witnesses, that any scheme for the provision of meals, either for necessitous cases, or as a matter of convenience, should be voluntary or self-supporting, and not fall upon the rates.

If the steps we have indicated, as in our opinion advisable, fail to effect a substantial improvement, we consider that some compulsory powers, if necessary, should be obtained for the purpose of dealing with parents on the ground of neglect, whilst, if the cause be poverty, recourse should be had to the parochial agencies of poor relief."

2: *The Report of the Departmental Committee on Physical Deterioration* followed in July, 1904. The Committee gave special attention to the children attending elementary schools. They endorse the opinion of a witness, that "physical infirmity is practically confined to the poorest and lowest strata of the population, whose children are improperly and insufficiently fed, and inadequately housed, and where parents are improvident, idle, and intemperate." But when we have reached these lowest strata the facts are unmistakable, and as another witness (Dr. Eichholz) says: "With regard to physical degeneracy the children frequenting the poorer schools of London and the large towns betray a most serious condition of affairs, calling for ameliorative and arrestive measures, the most impressive features being the apathy of parents as regards the school, the lack of parental care of the children, the poor physique, powers of endurance, and educational attainments of the children attending school."

"The Committee think that a large number of children habitually attend school ill-fed, but this number varies locally with the time of year and with the conditions of employment, and is not likely to increase; indeed, they look . . . with confidence to the operation of many causes towards its diminution.

"It seems, further, that in a large number of cases voluntary organisations, with the support and oversight of the local authority, are sufficient for the purpose, and as long as this is so the Committee would strongly deprecate recourse being had to direct municipal assistance."

They endorse the opinion of the Scottish Commission that "the preparation and cooking of these meals, where it is found necessary to provide them, ought to be regarded as one of the charges incident to school management," and add that "by a differentiation of function on these terms—the school authority to supply and organise the machinery, the benevolent to furnish the material—a working adjustment between the privileges of charity and the obligations of the community might be reached."

In case local charity should in some districts be insufficient, "it might be expedient to permit the application of municipal aid on a larger scale," but "the law would have to be altered so

as . . . to compel the neglectful parent to take his full share of responsibility, and the Committee are sanguine that a few prosecutions to this end would have a most salutary and stimulating effect.

"It seems probable that the best way of dealing with many of these children, whose antecedents place them definitely in the category of 'retarded,' is by means of special schools of the Day Industrial type, in which feeding would form an essential feature.

"The Committee, moreover, do not think that children should be made the subject of either experiment without the concurrence of the Poor Law authorities, and the funds should be found through the machinery of the Poor Law, with all due precaution against affixing any unnecessary stigma upon the deserving parent.

"The Committee deem that by these means the community may be protected from the consequences of the somewhat dangerous doctrine that free meals are the necessary concomitant of free education. Education is a great social need, which individual citizens are, as a rule, not able to provide for their children on a sufficient scale, but food, like clothing and lodging, is a personal necessity, which in a well-ordered society it is not inherently impossible for parents to provide; and the effort to supplement their deficiencies, and to correct the effects of their neglect should aim, in the first instance, at the restoration of self-respect and the enforcement of parental duty."

3. The next document in the history of the question is the "*Relief (School Children) Order, 1905*," issued by the Local Government Board on April 26th, 1905, which gives power to the Poor Law Guardians, on the application of the school authority, to grant food to children habitually underfed, charging the cost, as a loan, to the father, and recovering it from him in the usual way. The effect of the Order is explained by a circular letter issued by the Board of Education which points out that "a child may be sent to school without proper nourishment (1) because the parents are permanently impoverished, or (2) because temporary illness, loss of employment, or other unavoidable causes, have for the time incapacitated the parents from making necessary provision for the child, or (3) because the parents, though capable of making this provision, have neglected to do so.

"The Board feel that the second of these groups of cases will provide the most suitable field for the valuable work done by the various voluntary and charitable agencies which exist

for the provision of meals for children who are sent to school hungry.

"Cases coming under the first or third category may be proper subjects for a special application to the Guardians."

4. Then comes *the Report*, dated November 9th, 1905, of the "*Inter-Departmental Committee on Medical Inspection and Feeding of Children attending Public Elementary Schools.*" This report, so far as feeding is concerned, simply describes what is at present being done by voluntary agencies, and considers how far such work could be better organised without any charge on public funds. Its chief recommendations may thus be summarised:—

The Local Education Authority should be informed of, and should co-operate with, all feeding organisations. These should be permanent, at least in framework, and should arrange for meals where necessary throughout the year, and the meals, if given at all, should be at least once every school day. The first care of the Feeding Agency should be the children of families in temporary distress.

Teachers should not take part in serving or supervising meals. "While teachers may properly make the initial selection, they should not be made responsible for the final choice of the children to receive meals."

In selecting children, the co-operation of all local public and private authorities should be obtained.

Parents should be told when the relief is charitable, and more effort should be made to make parents contribute. The use of schoolrooms for meals should be avoided, though cookery centres may "in some cases be usefully employed." "But a cookery centre can only provide for a few children, and it should be remembered that its essential purpose is the provision of cookery instruction."

The Committee state that there is difference of opinion even among medical experts as to whether breakfast or dinner is the better meal to give, but they find that breakfast, if much fresh milk is given, is more expensive, and that the cost of a dinner can be brought down to something between a penny and two-pence per child. "Experience at Birmingham shows that an extremely simple meal of soup, bread and jam, such as is there given, can be actually supplied, so far as food material goes, for considerably less than a halfpenny, and at Liverpool an enterprising person actually supplies a dinner of meat and vegetables for a penny at a profit to herself." It must, however, not be supposed

that at these very cheap meals the children receive as much as they can eat, for, as one witness says, "a great many children will eat a pound of bread, which in itself costs over a penny."

The Committee found that the feeding agencies had no difficulty in obtaining money, which appears to flow in as soon as the public are appealed to. Strangely enough, the only exception to this rule was at Birmingham, where sufficient money did not appear to be forthcoming for the work of the Birmingham Free Dinners Association.

With reference to the "children who, though not defective, are, from malnutrition, below the normal standard," for whom the Physical Deterioration Committee had recommended "special schools," this report says that these "'retarded' children embrace in their numbers those whose backwardness and want of development is due to other causes than defective food, such as late hours, premature employment, and insanitary homes. . . . It is probable that more of them will prove to owe their malnutrition to improper feeding than to insufficient feeding, and as the standard of knowledge in the homes is raised it may be hoped that their numbers, now without doubt considerable, may be materially diminished. The tenor of the evidence . . . points to the homes as the proper place in which to attack the evil. We cannot think that school meals during the winter months, however well organised, can of themselves do much to bring up ill-nourished children to a normal standard."

5. On March 2nd, 1906, the "*Education (Provision of Meals) Bill*" was read a second time, and referred to a *Select Committee*, which reported on July 27th to this effect:—

(1) Inadequate feeding is a real evil, but limited in extent, and more or less spasmodic.

(2) No effective remedy will be found until an improvement takes place in the habits and surroundings of the parents. The unhealthy condition of the children is often due not to want of food, but to congenital causes, late hours, insanitary surroundings, uncleanness, or work out of school hours.

(3) The present voluntary agencies have carried on "an admirable work to meet an urgent need," but "the evidence disclosed avoidable waste and mismanagement." Their funds are precarious. Meals are limited to the winter. An unofficial and defective system of outdoor relief has been created. There is no obligation on local education authorities to inquire into, or arrange for, the feeding of children. There is no power to recover the cost of meals from parents.

(4) To throw the duty of providing meals on the education authority would destroy voluntary agencies, would largely increase the rates, and might cause other retrenchments detrimental to efficiency.

(5) Therefore, the Committee falls back on the combination of public authority with voluntary agency as suggested by all the preceding Committees, and has amended the Bill in accordance with these general conclusions :—

The Local Education Authority to organise and direct a mid-day meal through a Committee with outside representatives, and to have power to spend money on the preparation and serving of meals, but not (save quite exceptionally, and then only to the extent of a halfpenny rate) on the cost of the actual food, payment for which should be left to voluntary agencies associated with the Committee. The necessary power to be given to compel parents to pay when able to do so. Meals not to be served in teaching rooms, and teachers not to be compelled to take part in dispensing the meals.

C. H. DENYER

Report of Ontario Commission on Railway Taxation, 1905.

THE problem of the taxation of railways, a difficult one in Great Britain, is perhaps even more difficult in later-developed communities, such as those of the United States and Canada. In the States an almost bewildering variety of methods is presented to the student, each State following its own method, and but few making use of approximately identical principles. In Canada, the opportunity for basing the practical methods of taxation on sound principles seems still to present itself without any very great obstacle in the shape of well-established, if faulty, custom. As the report before us rightly urges, the problem is but one phase of the wider problem of the taxation of corporations, and the principles sought for should be applicable in the wider field. In view of the increasing degree in which ownership of wealth is passing into the hands of corporations, some of them very large, the principles which can be applied well enough to the taxation of individuals are found to be defective in their application under the new conditions.

In the report a brief, but careful and well-reasoned, review of the subject leads up to the proposal to assess railways and kindred corporations on their gross revenue. As the proposal is one not for federal, but for provincial, application, the revenue of corpora-

tions operating both within and without the province of Ontario had to be considered. In the case of revenue earned on traffic not wholly intraprovincial, the proposal made is to assess it within the province on the basis of mileage traversed by revenue-producing traffic within the province, the proportion borne by such mileage to the total mileage over which the traffic passes being taken to be the proportion of the revenue from that traffic earned within the province. Some allowance for terminal charges may be advisable as a modification of the simple mileage basis, when traffic originating outside the province passes to points also outside the province, but traverses some part of the provincial territory *en route*.

The rate suggested for the provincial tax, as a reasonable and not excessive one, is 3 per cent. on gross revenue. The working expenses commonly absorb about two-thirds of the gross revenue in Ontario, and, where that proportion is found, the tax proposed would be 9 per cent. of net revenue, certainly no inconsiderable impost.

The objections to basing the assessment on net revenue are set forth with much force in the report. For practical purposes, the element of inequality involved in basing taxation on gross earnings is held to be outweighed by the convenience and certainty attaching to the gross earnings basis. The latter gives no place to arbitrary modes of calculating ability which are practically found associated with attempts to base an assessment on net earnings, and the basis is, moreover, a feature of each company's business which is regularly ascertained and regularly published. The point is made, too, that a difficult question is avoided in cases such as that in which a company effects reductions of working expenses by capital outlay in improving its road. Were a net earnings basis used, such a change would affect the assessment.

The whole argument is given in a concise form in the report, and it can hardly be hoped that a satisfactory account of its leading points is presented in the preceding few lines. Moreover, the references to specific experience of various American States are important features of the discussion, and the Commissioners took very great pains to study the methods practised elsewhere before framing their own recommendations, and their report is enriched by illustrations drawn from the results of those inquiries.

As an Appendix to the report, there is given a statement of the actual practice, and some account of changes leading up to existing conditions, in twelve of the chief American States, in Great Britain, and in the various provinces of the Dominion. A

large amount of information of great importance and value is condensed into a small compass, and not merely citizens of the Province of Ontario, but students everywhere of the problem here handled, owe thanks to the three gentlemen who have had this matter referred to them as Commissioners. It is worthy of note that Professor Shortt, the representative of Economic Science in Queen's University, Kingston, was one of the three. Thus the late Government of Ontario followed a growing practice in the United States in associating a university teacher with a work of such great practical importance. Arm-chair economics does not appear to be feared in Ontario.

A. W. FLUX

RECENT OFFICIAL PUBLICATIONS

Thirty-sixth Annual Report of the Deputy-Master of the Mint, 1905. [C^d. 3020.]

THE gold coin issued during the year 1905 was: sovereigns, £5,000,000; half-sovereigns, £1,500,000; the average issue of gold coin for 1895-1904 being £6,898,618.

Report of the Registrar-General for Ireland of Marriages, Births, and Deaths, 1905. [C^d. 3123.]

THE marriage-rate, 5.26 per 1,000, was about the average for the ten years, 1895-1904. The birth-rate, 23.4 per 1,000, was above the average; the death-rate, 17.1, was below the average for the preceding ten years.

Report of the Vice-regal Commission on Poor-Law Reform in Ireland. [C^d. 3202.] 1906.

VOL. III. contains the evidence on which are based the important recommendations made in Vol. I., e.g., that the present workhouse system should be abolished, and that different classes should be segregated in separate institutions: the aged and infirm in almshouses, unmarried mothers in institutions under religious or philanthropic management. Guardians should be empowered to collect a special rate for outdoor relief.

Foreign Import Duties. [C^d. 3205.]

CONSIDERABLE changes have occurred since the corresponding return was issued a year ago.

Report on the Trade in Imports and Exports at Irish Ports.
(Department of Agriculture . . . for Ireland.) [C^d. 3237.]

THE report drawn up by W. G. S. Adams shows that during the year 1904 imports into Ireland amounted to over 55 million sterling, exports to 45½ million—the balance of trade inclining in the direction contrary to that which appeared to the Commission on Financial relations. Of Farm Produce the imports amount to about 20 million, the exports to about 30 million. More accurate information is desiderated.

Report on the Poplar Union. By J. S. DAVY. [C^d. 3240.] 1906.

THE chief general inspector of the Local Government Board reports unfavourably on the administration of the Poor Law in the Poplar Union. "Last year, while the rate of London pauperism had only slightly increased, that of Poplar had nearly trebled." "The general pauperisation of the inhabitants of the Union must mainly be attributed to the policy of the Guardians." In the management of the workhouse, "to say the least of it, there has been a great want of business capacity in dealing with the contracts."

Standard of Time Rates of Wages in the United Kingdom. 1906.
[C^d. 3245.]

THE third number of a series whereof the first number is described in the ECONOMIC JOURNAL for 1895 (Vol. V., p. 672).

Report from the Select Committee on Income Tax. 1906. 365.

THE Bulletin of the Bureau of Labour (Washington) for July, 1906, deals with the wages and hours of labour in manufacturing industries, and retail prices of food, 1890-1905.

THE Bulletin for September contains the third report of the Commissioner of Labour in Hawaii.

THE twentieth annual report of the Commissioner of Labour, 1905 (Washington), deals with convict labour. The manufacturers interviewed deprecated the competition with prison-made goods as prejudicial to free labour.

*Department of Commerce and Labour Bureau of the Census.
Supplementary Analysis and Derivative Tables (Washington), 1906.*

BELIEVING that "it is part of the Government's duty to show what its figures mean," Mr. Walter Willcox has prepared this lucid analysis and interpretation of statistics contained in the main reports of the Twelfth Census.

OBITUARY.

KÖRÖSY.

AMONG the great men who have passed away this year a high place must be accorded to Dr. Josef de Körösy, for many years the Director of the Statistical Bureau at Budapest, who died last June at the age of sixty-two. The loss to economic as well as to statistical science is serious. For several of his arduous investigations bear on political economy. Witness his researches on "The Financial Results of Joint-Stock Companies during the last Twenty-five Years" (1877-1898), reviewed in the *ECONOMIC JOURNAL* in 1902 (vol. xii., p. 252). Dr. Körösy properly takes account of the losses incurred by unsuccessful investors—the shipwrecks, as well as the records of success. When the requisite corrections have been introduced, it is found that savings banks in Hungary paid 4·14 per cent., Government bonds 5·10 per cent., municipal loans 5·50 per cent., shares 5·75 per cent. on the quoted prices. The close proximity of these averages shows a tendency of profits to gravitate—the metaphor is the author's—towards the prevailing rate of interest. The results completely refute the assertions made by men like Shering (*Zweck im Recht*, p. 223) as to the ruinous influence of joint-stock companies. Could a similar inquiry be conducted for English stocks and shares, it would probably be found that some of our Socialist writers have exaggerated the return to capital. Körösy taught with authority, at the *Congrès international des valeurs mobilières* (Paris, 1900), how to reform the statistics of stocks and shares. He contributed

to the *Bulletin* of the International Institute of Statistics studies on fecundity and other topics more or less directly related to Political Economy. Some of his contributions to science were communicated through an English medium. We may mention his address to the Hygienic and Demographical Congress in London, 1891, and his "Table of Natality," published in *Transactions* of the Royal Society (186). At the meeting of the British Association at Cambridge, 1904, he made an interesting communication on the relative mental capacities of the sexes, based chiefly on the experience of elementary schools in Hungary. This is not the place to do full justice to Kőrösy's statistical work. It must suffice to enumerate some of his papers which may specially interest the economist.

Finances of the Town of Pest. (Budapest, 1873.)

Contributions to the History of Prices. (Budapest, 1873.)

Money-crisis and Bank Calamity. (Budapest, 1874.)

Taxes on Income and Rent of Houses in Budapest. (Berlip, 1877.)

Statistique des Finances des Grandes Villes. (Paris, 1877.)

Bulletin Annuel des Finances des Grandes Villes. (Paris, 1879-1890.)

Pauperism and Charity-organisation of Budapest. (Budapest, 1905.)

CITY NOTES.

WE have received the following notes from "R. G." :—

Six per cent.—The autumn, as was fully anticipated in these notes, has brought with it dearer money. Slowly and with great hesitation during August and September the Bank of England raised its rate; and finally, as 5 per cent. did not have the desired effect of checking the gold drain rapidly enough, an advance was made to 6 per cent. on October 19th—the advance being the more significant as occurring on a Friday, the day after the usual date in the week when the Bank's minimum is changed. After the rise to 6 per cent. something better than a bare equilibrium of the gold movements in and out was maintained for a time, but at the time of writing these notes (end of November) the position of the Reserve hardly appears fully assured, in face of the special withdrawals threatened, and the usual demands for credits and currency at the end of the year. An advance to 7 per cent. seems to be now well within the range of probabilities.

Gold Drains.—The rise of money rates has been prominently associated with a drain of gold, as is very commonly the case, the countries drawing on the money-market here, in the present case, being mainly the United States, Egypt, and Brazil. The United States, as is well-known, has been in need of currency for many months to support a boom of unexampled prolongation and force. Egypt is likewise a frequent borrower in the autumn, and borrows more than usual this year on account of a combination of great prosperity, requiring much currency to handle the crops, with political unrest. The South American countries generally require gold for similar reasons, and Brazil especially, because a reform in the currency system is being attempted there. But the fundamental cause of dear money is everywhere much the same. Business and speculation are everywhere extending; gold is more and more required for circulation or for the reserves of banks which issue paper against gold; and the resulting demands are finally concentrated on Lombard Street as the one free market for gold in the world, where buyers and sellers meet each other and bills drawn from the ends of the earth, all payable in gold, are discounted, exchanged, and "cleared." It is little more than a detail whether the main demands are from the Continent, or the United States, or South America; with this difference: that the United States demand is specially serious when it happens to be associated, as in the present case, with a vast amount of financing and excessive speculation in the stock markets. Whether even a 7 per cent. rate will suffice to reduce the volume of finance bills to workable dimensions, without a crisis, becomes the question of the immediate future.

Bank Reserves.—In previous notes attention has been called to the discussions which have arisen respecting the sufficiency of the banking system of Lombard Street, and of the amount of reserve against emergencies which the Bank of England keeps. There is always a cry, in times of advancing money, that the Bank of England should protect its reserve by raising its rate sooner than it does, followed by an angrier outcry still when the Bank of England does advance to effective rates and so punishes the business world for its own delay to advance in time. We confess to a little want of sympathy with the business and banking community in this matter. If the business community were more sensible than it is of the need of adequate cash for its business and speculations it would have the remedy in its own hands, for it would have large cash deposits with the banks, and could patronise

exclusively the banks which followed the business lead by not employing these deposits up to the hilt. With bankers, again, there is no occasion to blame anyone but themselves if cash reserves are unsatisfactory. Their deposits with the Bank of England, it is affirmed, are lent out by that bank in competition instead of adequate cash being retained. In that case, why deposit at all with the Bank of England more than is required for clearing and such-like purposes, the real emergency cash reserve being retained under each bank's own control? We doubt very much whether the Bank of England is liable to the blame inferentially thrown on it by the banks who are primarily responsible to the public, and have the means of action in their own hands; but whether it is so or not any outside bank has the complete remedy in its own hands. It is childish to complain and do nothing. As to the conduct of the Bank of England in the actual circumstances of the market, the real answer to the complaints about its not acting in time is, of course, the failure of the money-market generally to respond. The Bank of England cannot lie out of the market and sit upon its cash to any effective end unless other banks supply it with cash to keep, which at times they do not; while the extreme remedy open to the bank of "borrowing upon stock"—that is, in effect, inviting deposits and paying interest upon them—is for obvious reasons most difficult and expensive, and not always successful. It is the great banks of the country, therefore, outside the Bank of England, and not the Bank of England at all, which are most to blame in the matter of adequate cash reserves; and what is wanted is one or two banks to take a bold line of their own, forego a portion of the profits they now obtain by lending cash they ought not to lend, and await the next crisis with serenity. As matters at present stand the whole discussion is aimless. It is for the leading banks outside the Bank of England to act, and not to discuss.

The Price of Silver.—The great demand for silver has continued since we last wrote, and the price advanced from 30*d.* about the end of September to 33*d.* in November. There has been a reaction from the higher figure, but there appears to be a general feeling in the market that the speculative demand will be renewed. The demand for the East, especially for India, continues very strong. Economically the situation is most interesting. The demand is for a metal, silver, which is the real money of the East, while the Governments of the East generally, with the exception of China, following the lead of India, have universally made the

silver coinage a mere token coinage. This practice of the Governments is against one of the rules for a good money system laid down by the great authorities who established the money system of the United Kingdom, the rule that the *standard* coins of any country should circulate in it and be familiar to the people; and what the outcome will be of the departure from principle attempted in the 'East has yet to be seen. At present the Government of the Straits Settlements has found itself in the greatest difficulty, and has diminished the silver contents of its silver coins in order to prevent them being withdrawn from circulation through their being more valuable as metal than as coin; but the same difficulty threatens all the Governments concerned if silver should rise farther.

The Soap Combine.—The great combination of soap manufacturers, established a few months ago for their mutual protection against exclusive competition at the time they were suffering from a rise in the price of tallow and other raw materials of their manufacture, has broken down after a very short life. The failure apparently illustrates the difficulty of combinations, such as Americans and Germans are familiar with, in a free-trade country. At any rate, the failure appears to be complete. Perhaps the chief advantage to the public will be in the discovery that some of the much-advertised soaps differ from the less-advertised only in being dearer, and that there is so large a margin of profit in the current prices of soap as to enable manufacturers to go on quite well with advanced prices of raw material, without raising the price of the manufactured article. This might not apply, however, to a farther enhancement of prices of raw material in this and other manufactures, which seems highly probable with the continuous improvement of trade.

Trade Improvement.—There appears no sign as yet of a turn in the tide of trade prosperity. In almost every branch of manufacture orders abound, and makers are booked far ahead, and much less is heard of unemployment than was the case a year ago, a sign that the "unemployable" have no longer a nucleus of real unemployment to help their so-called philanthropic friends in appeals to public charity. The quiet interval, it may be hoped, will be used by the Poor-Law authorities, and the Government generally, to provide more systematically and efficiently for dealing with both pauperism and the "unemployed."

R. G.

LABOUR NOTES.

THE *Labour Gazette* returns of unemployment at the end of October are somewhat less favourable than they have been for the preceding seven months, and the percentage figure, 4·4, is 1·6 higher than it was at the end of September. The chief explanation of this change for the worse is, however, found in a single group of trades, the shipbuilding, and the adverse conditions prevailing there have been rather closely connected, directly or indirectly, with the recent dispute on the Clyde. Apart from those actually on strike the unemployed percentage of this group stood at 10·4 at the end of October, as compared with 6·5 at the end of September. Even this considerable percentage, however, reflects a somewhat more favourable position than that of a year ago, and this advantageous comparison can even more confidently be drawn as regards every other important industry, with the exception of the building trades. In this group dull conditions still prevail, and it is noteworthy that in reports that have been received by the Board of Trade as to local conditions of employment, the distress in the building trades continues to be mentioned even from those centres in which conditions are otherwise satisfactory.

THE percentage of unemployment given month by month in the *Labour Gazette* is admittedly based upon returns from the higher and more completely organised branches of labour, and is only indirectly connected with the lower branches and the less or the non-organised. "Unemployed" administration, helped in some districts by the Employment Exchanges, is now throwing a little direct light upon these "poor relations" of the industrial world, and it is satisfactory to note that in the recent Board of Trade returns as to exceptional distress from unemployment received from sixty-two of the large towns, in only fifteen cases is such distress reported. In twelve out of the fifteen, moreover (including Hull, Leeds, Leicester, Liverpool, and Sheffield), some mitigation of the distress of last winter is said to be discernible. Only in the case of Bradford is the distress stated to be greater this year than last, while in two cases (Bristol and Northampton) there is said to be no change.

IN London the continued depression in the building trades, affecting especially some boroughs on the outer ring of the county,

such as Fulham, the not very active demand for labour in the docks and on the riverside; and, as affecting especially Woolwich, the shrinkage of work at the Arsenal, are the chief industrial explanations of the exceptional distress from unemployment that still exists. As regards Woolwich, the intention of the War Office, as stated by Mr. Haldane, to endeavour to fix the peace establishment at the Arsenal at some recognised minimum figure is emphatically a step in the right direction, tending as it will do to maintain one of the first conditions of industrial and social well-being—the feeling that if health is good and conduct satisfactory, employment is secure.

MUCH attention has been directed during the past three months to the Welsh coal-fields, owing especially to the unrest that has prevailed in certain districts through the friction between unionists and non-unionists. The former have been generally in an overwhelming majority, and since in common with those who remain outside the trade unions they work under organised conditions, with the machinery of settlement and conciliation that organisation has the power to call into existence, and that is in practice used by all alike, the irritation felt against those who hold aloof is easily understood. Although, however, the cruder forms of coercion are manifestly unjustifiable and anti-social, the answer is less clear as to what is the right attitude to adopt towards the non-unionists under such circumstances as those which are widely prevalent in South Wales, and the matter is complicated by the fact that those outside the unions include not only some who are careless or indifferent or selfish, but others whose non-payment of subscriptions may be due to some exceptional misfortune, or, it may be, to a genuine conviction, often political, that the basis of the union is wrong.

So serious has been the loss and dislocation in certain parts of the coal-field, however, that responsible advocacy on the employers' side has been found of the view that it might be the duty of directors of coal-mining companies to give notice, in the interests of the shareholders, to the small minority of non-unionists if they persist in holding aloof. If such a policy were adopted, however, although it would apparently be one favourable to the unions, it does not follow that the gain would be necessarily or solely on their side. For, whatever the reasons for non-enrol-

ment may be, one standing weakness of the practice of coercion in all its forms remains in the fact that the coerced member is always apt, when the time of stress comes, to be a source of weakness to the body of which he is a member only in name, for loyalty and conviction on the part of its rank and file are among the first conditions of strength for every voluntary organisation.

THE recent dispute on the Clyde affecting a section of the boiler-makers, although serious for the district, since about 12,000 men were either directly or indirectly involved, did not become the starting point of the wide-spread lock-out that at one time threatened. The men who struck work for higher wages—themselves a section of the ship-workers capable of earning exceptionally high wages—appear to have been unusually ill-advised, since the conditions of ship-building on the Clyde had already reached a point of at least temporary reaction from the boom of the preceding period, which left employers inclined to broach the question of reduction rather than to consider claims for an advance. They offered, however, to maintain wages at at least the present level until the end of March, 1907, and to re-discuss the question of what the rates should be after that date, whether higher or lower, at a conference in the middle of that month. This offer the men did not see their way to accept, and the employers thereupon threatened a lock-out of all sections of the boiler-makers from November 17th. Prior to that date, however, and largely on the instigation of the Federation of Ship-building Trade Unions, the position of the men had been reconsidered, and on a ballot being taken a majority of 868 on a total vote of 4,130, decided in favour of resuming work. The lock-out notices of the employers were cancelled, and the dispute closed after a duration of seven weeks.

At the Congress of the Miners' Federation held at Swansea at the beginning of October, the ninety-seven delegates present represented more than half a million men—an impressive total. Prior to the Congress, voting on the question of affiliation to the Labour Representation Committee had been taking place in the various districts, and the results were declared at Swansea. These showed a small majority of about 9,000 against affiliation, but an analysis of the figures shows how very differently opinion runs on this question in different parts of the federated districts. The

result of the ballot is, however, hardly conclusive, as considerably less than 40 per cent. of the total number of members voted. The following table gives the respective figures for the more important districts, the numbers represented at the Congress being added in brackets :—

	For affiliation.	Against affiliation.
Yorkshire (101,000).....	17,399	12,730
Lancashire and Cheshire (55,000)	8,265	3,945
Midlands (50,000) ..	666	13,553
Derbyshire (24,000).....	1,798	11,257
Nottinghamshire (27,000)	1,806	11,292
North Wales (11,000).....	295	2,528
Scotland (70,000)	17,801	12,376
South Wales (160,000)	41,843	31,527

The total number of votes recorded in favour of affiliation was 92,222, and against, 101,714.

THE relation to be adopted to the Labour Representation Committee also figured largely at the last annual conference of the Amalgamated Society of Railway Servants, when it was decided, after the manifestation in debate of a good deal of angry feeling, to enforce agreement with the L.R.C. formula from all future candidates recognised by the Society. A motion to make this obligation retrospective was lost by a large majority, and thus Mr. Bell's personal position is for the present, at any rate, unaltered, except in so far as it is affected, as, indeed, to some extent are the whole proceedings of the Society, by the controversy that has raged round this highly contentious, but very important question, as to the attitude that should be adopted towards the older Parliamentary groups, and especially towards the Liberals.

THE annual Trades Union Congress was held at Liverpool, as usual, early in September, and was attended by 491 delegates, representing about one and a half million wage-earners. In the proceedings, which again perhaps often covered too wide a field for either very useful discussion or effective decisions, the following points may be noticed : the resolution in favour of compulsory arbitration in industrial disputes was again discussed and again defeated—this year by 938,000 to 541,000 ; in the vote on the resolution carried instructing the Parliamentary Committee of the Congress to assist the Miners' Federation in its attempts to secure the legal eight hours' day, it is perhaps significant of the

local division of opinion on this subject that the Durham miners, who have previously opposed it, maintained a neutral attitude; the unanimous vote passed in favour of Old Age Pensions—universal (save for the obvious exceptions due to foreign nationality, pauperism, helpless friendlessness, or crime), and to be derived from the National Exchequer—records yet another pronouncement in favour of this principle, identified with the name of Mr. Booth, and recently so emphatically endorsed by the Prime Minister and the Chancellor of the Exchequer.

ERNEST AVES

CURRENT TOPICS.

THE Government accepted an invitation from the Swiss Government to participate in the international conference on industrial questions, which was held at Berne on September 17th. The British delegates and plenipotentiaries were Mr. Herbert Samuel and Mr. Malcolm Delevigne, the Principal of the Industrial Branch of the Home Office. The secretary to the delegation was Mr. Victor Wellesley, of the Foreign Office.

A COMMITTEE has been appointed by the President of the Board of Trade to inquire into the extent of the benefit which is received by British industry from our participation in international exhibitions. The committee is to consider whether the results of such exhibitions in the past justify the Government in giving financial assistance to similar undertakings in the future; and, if so, how the maximum advantage may be derived from this expenditure. The chairman of the committee is Sir A. E. Bateman, and the secretary Mr. U. F. Wintour, of the Board of Trade.

A MORE important inquiry will be that of the Royal Commission which has been appointed to investigate the operation of shipping "rings" or conferences generally, and more especially the system of deferred rebates. The Commission is to report whether such operations have caused or are likely to cause injury to British or colonial trade; and, if so, what remedial action should be taken by legislation or otherwise. The commission includes representatives of India, Australia, New Zealand, and the South African colonies. The Right Hon. Arthur Cohen is the chairman, and Mr. James A. Webster, of the Board of Trade, is the secretary.

THE recently formed Apprenticeship and Skilled Employment Association deserves mention. Committees for the same purpose have been working in various districts of London for some years, and are gradually increasing in number. The founders of the association explain, in a letter to *The Times* (November 24th), that their object is to promote technical training to a skilled trade among boys and girls who are leaving school, and are in danger of drifting about from one employment to another. The work they undertake is to ascertain, when possible, the inclination of the boys or girls who are seeking employment, to advise them or their parents regarding the trade most suited to them, to find a vacancy in the selected industry, and to secure thorough training in it. The association is to act as a bureau of information for the committees. Its offices are at 435 Birkbeck Bank Chambers, Holborn.

A COMMUNICATION which we have received from Miss Mildred Ransom, Member of the Board of Examiners (Typists' Section) of the Incorporated Phonographic Society, shows that some reduction is necessary in the estimates made by Miss Hutchins in the article contributed last September to the *ECONOMIC JOURNAL* on "the salaries and hours of typists and shorthand writers." The inquiry was handicapped by the fact that only 220 replies were received to the forms sent out by the Association of Typists and Shorthand Writers. Miss Ransom estimates that these represent only about .005 of the number of women shorthand typists. Moreover, the replies appear to have come only from those above a fairly high rank. Miss Ransom concludes that if the forms had been circulated among junior clerks and among the army of girls receiving salaries from 10s. to 18s. a week, the result would certainly not have been that "the largest group of earners are those earning from 25s. to less than 30s."

ON the 26th of October last Lord Rosebery, as Chancellor of the University of London, formally opened the library which contains the collection of economic publications made by Professor Foxwell. This is the collection which was purchased by the Worshipful Company of Goldsmiths in 1901, as we announced at the time (*ECONOMIC JOURNAL*, Vol. XI., p. 460). Attention had been called to the importance of Professor Foxwell's library by a letter which the Council of the British Economic Association (now the Royal Economic Society) addressed to *The Times*. From the

description of the library there given it may be seen that the munificence of the Worshipful Company of Goldsmiths was not misdirected when, at the cost of £10,000, they purchased the library, in order to present it to the University of London. Not to speak of the many *curiosa* of literary and antiquarian interest which the library contains, we are especially impressed by the collections of publications relating to the subjects of bygone controversies—the slave-trade, the corn-trade, the National Debt, and other memorable issues. The dialectic advantage to be obtained from the completeness of such collections is not easily overrated. The benefit conferred on students is such as to afford an adequate return to the Worshipful patrons of learning for their magnificent expenditure. On the side of Supply, too, the valuation of the library is justified when we take account of the labour and the money—"all my spare and more than my available funds," in the words of the collector—which have been invested, for long periods of years, in the construction of this library. Account should be taken also of the scarcity value which attaches to the talent required for selecting and classifying such a collection of economic treatises.

ALLUDING to the danger that valuable collections made in this country should pass in "disastrous vessels of the *Mayflower* type across the Atlantic," Lord Rosebery made a suggestion which deserves to be put on record. "The great cause of the dispersion of the various collections of this country is the fructifying but onerous tax which is called the death duty. . . . I would suggest to the Chancellor of the Exchequer, on the ground of mere equity and justice, that some little percentage of the enormous sums which he receives from the death duties should be applied to remedying their ill-effects, and saving some of these collections, which otherwise will be lost to the country." Applauding this suggestion, *The Times* proposes "that valuable libraries, pictures, and so forth, which can never be replaced, should be taken by the nation in part payment of the duties which force them into the market."

WE regret to have to announce the death of a remarkable author and person. Charles Devas is distinguished among those who have written on political economy by his considering the subject "from the Catholic point of view." We borrow this description from the title of a pamphlet which he published in 1876 :

Labour and Capital from the Catholic point of view. His *Political Economy*, published in 1892, purported to be one of the "Manuals of Catholic Philosophy." A later edition of this work belonged to the "Stonyhurst Philosophical Series." The characteristics which Devas has attributed to Ruskin's teaching might be read as descriptive of his own. "Economics must be essentially ethical, the application of the moral law in particular departments of human life." We refer to the instructive "Lessons from Ruskin," which Devas contributed to the *ECONOMIC JOURNAL*, (Vol. VIII., p. 28). Not the least remarkable feature of that article is the care with which the author not only gathers in the good seed of the "Ruskinian granary," but also distinguishes the tares. A similar candour is evinced in the Introduction to Sir John Byles's *Sophisms of Free Trade*, of which Devas was co-editor in 1904. He expresses warm sympathy with the cause advocated by Byles; going so far as to say: "The vampire of Free Trade has sucked the very life-blood of the nation." Yet it is not concealed that some of Byles's arguments prove too much. Those who have taken part with Devas in public examinations record that he ever showed a similarly scrupulous anxiety to do justice to candidates whose opinions he abhorred.

THE arrangements for the Congress of the Royal Economic Society, which is to be held in London on January 9 and 10, 1907, will be announced to all the Fellows of the Society very soon.

RECENT PERIODICALS AND NEW BOOKS.

The Economic Review.

OCTOBER, 1906. • *Tariff Reform*. F. M. BURNETT. *Rating and Site Valuation*. A. HOOK. To rate land at its selling value is inequitable, and is not required for objects better attained by rating siteowners on realised unearned increment and empowering municipalities to acquire land.

Journal of the Royal Statistical Society.

SEPTEMBER, 1906. *The Generalised Law of Error, or Law of Great Numbers*. PROF. F. Y. EDGEWORTH. A development of the writer's paper on the *Law of Error* in the Cambridge Philosophical Transactions for 1905. *Address to the Economic Science Statistics Section of the British Association*. A. L. BOWLEY (President). [The paper referred to in the last number of ECONOMIC JOURNAL, p. 483.] *The Criminal*. PROF. BELA FÖLDES. *Sex-ratios of Births in England and Wales*. H. D. VIGOR and G. UDNY YULE. Certain counties exhibit significant divergences of the sex-ratio.

The Independent Review.

NOVEMBER, 1906. *A Fiscal Policy for Labour*. BROUGHAM VILLIERS. A popular financial scheme is discussed. Besides new taxes there should be a State Trading Department and State Banking.

The Fortnightly Review.

SEPTEMBER, 1906. *The Taxation of Site Values*. A. C. PIGOU. Some transference of rates from rateable to site values is desirable, though only a part would be transferred to "true rents." Preferring diminution of overcrowding to "a slight increase in the country capital," the author would tax uncovered land at the value it would have in its most profitable use.

The National Review.

NOVEMBER, 1906. *The Fiscal Problem*. COMPATRIOT.

The Quarterly Journal of Economics (Boston).

- AUGUST, 1906. *Wages and Prices in relation to International Trade.* F. W. TAUSSIG. The level of incomes rather than of prices measures a country's advantage in the way of international trade. Articles into which little labour enters, such as wood, in America are cheaper than in Europe. The writer doubts whether ordinary manual labour has (apart from machinery) an efficiency proportional to its higher pay in a country like the United States. "The rice-fed Chinaman or Japanese seems to do as much in a day as the beefy Englishman." *The Distribution of Immigrants in the United States.* F. F. WILLCOX. Carefully handled statistics do not support the popular belief that the foreign-born population—in general, or especially the recent immigrants and the illiterate—have a stronger tendency towards cities than the native population. *Recent Growth of Co-operation in Ireland.* D. A. McCABE. *The Socialist Economics of Karl Marx and his followers.* T. VEBLEN. Relation of marginal rents to price. F. T. CARLTON.

Political Science Quarterly (New York).

- SEPTEMBER, 1906. *Economic Wastes in Transportation.* W. Z. RIPLEY. The American practice of disregarding distance as a factor of freight inordinately swells the ton-mileage, produces rigidity of industrial conditions, stimulates centralisation of industry and population, and is a tax on American production. *The Eight-Hour Movement in New York.* G. G. Groat.

THE September number of the *American Academy of Political Science* is devoted to Woman's Work and Organisations.

Journal of Political Economy (Chicago).

- JULY, 1906. *The Demand and Supply Concepts.* R. H. HOSIE (continued from June). *Trade Combinations in Canada.* W. W. EDGER.
- OCTOBER. *The History of the Industrial Employment of the United States.* EDITH ABBOTT. *The Problem of Domestic Service.* I. M. RUBINOW.

The Yale Review (Newhaven).

- The Influence of Credit on Prices.* W. G. LANGWORTHY TAYLOR. *The Freedman's Saving Bank.* II. W. L. FLEMING.

Journal des Économistes (Paris).

- SEPTEMBER, 1906. *Le Protectionnisme Littéraire.* ROUXEL. A heavy indictment. *La Navigation Algérienne.* A. REVILLON. *Le Fisc en Sicile.* COMBES DE LESTRADE. An unfavourable picture.
- OCTOBER, 1906. *Les Travaux Parlementaires de la Chambre des Députés.* ANDRÉ LIESSE. *Le Budget et les Grandes Services du Département de la Seine.* E. LETOURNEUR.
- NOVEMBER, 1906. *Aperçu Historique des Théories Modernes de la Valeur.* MAURICE BELLOM.

Revue d'Économie Politique (Paris).

AUGUST-SEPTEMBER, 1906. *Un Economiste Méconnu: Otto Effertz.* A. LANDRY. *Le Mercantilisme Libéral à la fin du XVII^e Siècle: Les Idées de M. de Belesbat.* A. SCHATZ et R. CAILLEMER. *Chronique de Transporte et Travaux Publics.* M. PORTE.

OCTOBER-NOVEMBER, 1906. *Contribution à une Théorie Réaliste de la Monnaie.* B. NÓGARO. *La Banque Nationale Suisse.* J. LAUDMANN. *La Théorie Economique pendant l'Année, 1905-6.* ADOLPHE LANDRY.

In the *Revue Économique Internationale* (Brussels), among many interesting articles we may notice: *The Evolution of Luxury*, by V. DU BLED (September). *English Limited Liability Companies*, by J. PATERSON (October). *The International Protection of Labour*, by PROF. E. MAHAIM (November).

Jahrbücher für Nationalökonomie (Jena).

AUGUST, 1906. *Die Konzentration im Deutschen Bankwesen.* O. WARSCHAUER. *Kanadischer Aufschwung.* A. DIX. *Die Allmenden in Preussen.* F. CHRISTOPH.

SEPTEMBER. *Wirtschaftspolitik in des Commonwealth von Australien.* R. SCHACHNER. *Zur Wertzuwachssteuer.* R. EHLERT.

Archiv für soziale Gesetzgebung und Statistik.

BAND XXIII. HEFT. 2, contains *Eine Neue Geldtheorie.* PROF. W. LEXI, referring to Knapp's new theory. *Die politische Arbeiterbewegung Frankreichs in den letzten Jahren.* ELSEBETH COHN. *Die neuere Literatur über den französischen Sozialismus.* ELSEBETH COHN.

Jahrbuch für Gesetzgebung (Leipsic). 1906. Heft 4.

HEFT. 4, 1906. *Die Geldtheoretischen und währungspolitischen Konsequenzen des Nominalismus.* L. VON BORTKIEWICZ. Referring to Knapp's *Staatliche Theorie des Geldes.* *Erläuterung zur Staatlichen Theorie des Geldes.* G. F. KNAPP.

Giornale degli Economisti (Rome).

JULY. *L'Ofelività nei cicli non Chiusi.* V. PARETO. *Il rapporto tra pigione e reddito.* C. BRESCIANI. *Protezionismo marittimo e credito navale in Italia.* V. GRUFFREDA. *La conversione del consolidato Italiano.* F. FLORA.

AUGUST. *A proposito della teoria del valore.* A. LORIA. *Per le finanze della capitale.* L. NINA. *La dottrina dell' egoismo di H. Spencer.* E. COSSA. *Le affitanze collettive e la disoccupazione nell' agricoltura.* A. SERPIERI, E. SELIA.

IN *La Riforma Sociale* (Turin), among many valuable articles, the following may be mentioned:—

JULY. *Le Società anonime e le speculazione in Italia.* A. MONZILLI. *Statolatritia Monetaria.* ACHILLE LORIA. Referring to Knapp's new theory. *Sviluppo . . . di una metropoli.* DR. C. EINAUDI. An interesting account of the development, "hygienic and demographie," of Turin.

NEW BOOKS.

CROZIER (J. B.). *The Wheel of Wealth, being a reconstruction of the science and art of Political Economy on the lines of modern evolution.* London: Longmans. 1906. Pp. 526.

GRAHAM (J. C.) and WARMINGTON (M. D.). *Taxation (local and imperial) and Local Government.* London: P. S. King. 1906. Pp. 138.

HIRST (FRANCIS W.). *Commerce and Property in Naval Warfare.* A letter of the Lord Chancellor. Edited with introduction, notes, and appendices by F. W. Hirst. London: Macmillan. 1906. Pp. 48.

HOWELL (EDWARD J.). *Wake up! John Bull.* London: Bemrose. Pp. 54.

[An exhortation to thrift.]

JEVONS (the late W. Stanley). *The Coal Question.* Edited by Prof. A. W. Flux. Third edition, revised. London: Macmillan. 1906. Pp. 467.

[Reviewed above.]

LAWSON (W. R.). *British Economics.* London: Blackwood. 1906. Pp. 401.

LAWSON (W. R.). *American Finance.* Part first, Domestic. London: Blackwood. 1906. Pp. 391.

KROPOTKIN (PRINCE PETER). *The Conquest of Bread.* London: Chapman and Hall. 1906. Pp. 299.

MARSHALL (PROF. ALFRED). *Principes d'Économie Politique.* Tome Premier. Traduit par A. R. F. Sauvaie-Jourdan, Professeur (Bibliothèque Internationale d'Économie Politique). Paris: Giard. 1907. Pp. 544.

[This first volume of the translation contains the first four books of the original. The translation is based on the text of the fourth edition with some additional corrections which have been supplied by the author. The translation (of Professor Marshall's volume) will make two French volumes.]

MAGREGOR (D. H.). *Industrial Combinations.* London: Bell. Pp. 245.

WEBB (W. L.). *Economics of Railroad Construction.* New York: Wiley. London: Chapman and Hall. 1906. Pp. 389.

NICHOLSON (PROF. J. S.). *The Relations of Rents, Wages, and Profits in Agriculture, and their Bearing on Rural Depopulation.* London: Swan Sonnenschein. 1906. Pp. 176.

[Reviewed above.]

